

2019-2020

ANNUAL BUDGET  
UMKHANYAKUDE DISTRICT MUNICIPALITY



2019-2020 TO 2021-2022  
MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK

5/30/2019

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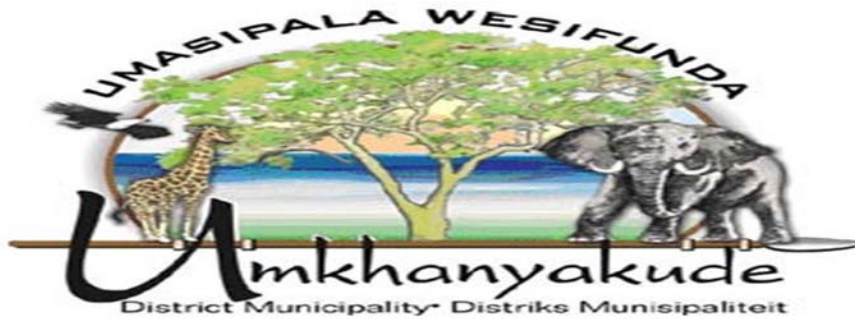
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**Abbreviations and Acronyms**

AMR	Automated Meter Reading
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
IEC	Independent Electoral Commission



**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**MAYOR'S REPORT**  
**ANNUAL BUDGET 2019-2020**



## **PART 1 – ANNUAL BUDGET**

### **1.1 Mayor's Report**

UMkhanyakude District Municipality has been in existence for almost two decades. Up until now it has not been able to get transformed socially, economically and otherwise. The available resources have to be shared equitably which in a way might cause hardship in most parts of the District which are already in dire need of basic services.

Service delivery backlogs particularly in the infrastructure (water and sanitation) for the whole area of UMkhanyakude District. More attention will be focused on an outdated and aging infrastructure that end up instigating huge losses of water and interrupt the services delivery to the community.

The area of Umkhanyakude is faced with challenge of high unemployment rate which is then coupled with high rate of indigent households, and this affects debt collection of the Municipality. Based on this fact, a portion of equitable share of the Municipality will be allocated to free basic services to cater for the poor.

There has been notable improvement in the administrative processes of the Municipality as the Auditor General's opinion was a better improvement from previous financial years. There is still room for improvement though as Qualified audit opinion was obtained. Matters of performance management still need to be drastically improved so that information presented on financial and non-financial reports are deemed credible by Auditor General.

As the new Municipal Manager (Mr Nkosi) joined the Municipality at the beginning of March 2019, there is a glimmer of hope that his experience and expertise that he brings to the Municipality will positively turn the Municipality around.

The Municipality continue to have limited financial resources to satisfy the unlimited needs of the people. Therefore, we need to use our financial resources wisely by eliminating non-priority items in our budget.

This Council have the responsibility to eradicate the high volume of service delivery backlogs particularly in the infrastructure (water and sanitation) in the whole area of UMkhanyakude District. The more attention should be focused on an outdated and aging infrastructure that end up instigating huge losses of water and interrupt the services delivery to the community.

The municipality is faced with challenge of high unemployment rate with the high rate of indigent households, and this affect the debt collection of the municipality. Based on that from the portion of the equitable share the municipality will allocate the funds to free basic services to cater for the poor.

The District Municipality developed a DGDP through the assistance by KZN COGTA and the DGDP is zooming in into the strategic direction up to year 2035 which focusses on linking the IDP with the National and Provincial planning imperatives. In order for the District Municipality to deliver meaningfully on its mandate it have focused on the alignment of the PGDS and UMkhanyakude DGDP, which is summarised as following:

OBJECTIVE	STRATEGY(IES)
<b>To expand district economic output and increase quantity and quality of employment opportunities</b>	✓ Optimise the role of the agricultural and forestry sector in district economic growth and employment creation
	✓ Optimise the role of conservation and a diversified tourism sector in district economic growth and employment creation
	✓ Increase in the skills levels of the district labour force
	✓ Ensure improved quality of employment opportunities to raise income levels of employed population
	✓ Support increased beneficiation and manufacturing of local products
	✓ Facilitate increased population densities in selected nodes to create viable markets and thresholds for a broader range of products and services

In order for the municipality to ensure the smooth implementation of the above-mentioned strategic priorities, we need to device good communication techniques between the municipality, community and other stakeholders. This should include communicating the IDP, Budget, SDBIP, Performance reports/Annual Reports, setting of targets etc., to ensure that we are all striving for the same achievements.

### **Public Participation**

The purpose of the Public Participation Strategy is to clearly communicate the expectations of the municipality to officials and community, as this shall help all know when they should consult and why. It is expected that Councillors and officials of the Municipality shall ensure that the community is involved in:

- The implementation and review of the Integrated Development Plan;
- The establishment, implementation and review of the Performance Management System;
- The monitoring and review of the performance of Municipality;
- The preparation of budget;
- Strategic decisions relating to the provision of municipal services;
- The development of by-laws and regulations; and
- Implementation of projects and initiatives

It is further expected that Officials and Councillors shall ensure that all people in the community shall be given the opportunity to be involved including, those people who cannot read or write, people with disabilities, women and other disadvantaged groups

Language preferences should also be taken into account.

the Mayoral IDP and Budget Consultative Izimbizo were held as per the following schedule:

<b>Date</b>	<b>Municipality</b>	<b>Venue</b>
09 April 2019	Umhlabuyalingana	Ward 8 – Manzengwenya Hall
10 April 2019	Jozini	Ward 10 – eDanishini Hall
12 April 2019	Mtubatuba	Ward 12 – Banguthuli Hall
17 April 2019	Big 5 Hlabisa	Ward 1- KwaGiba Hall

**The consolidated budget for uMkhanyakude District Municipality for the 2019/2020 is totalling to R 839 008 000.00. below is the summary of the consolidated:**

<b>ALLOCATIONS</b>	<b>UKDM -DC27</b>	<b>UMHLOSINGA</b>	<b>TOTAL</b>
Operational Budget	R 499 293 000	13 260 000	R 512 553 000
Capital Budget	R 287 211 000	47 455 000	R 334 666 000
<b>Total Budget</b>	<b>R 786 504 000</b>	<b>60 715 000</b>	<b>R 847 219 000</b>

**The summarised of the Operating Budget 2019/2020 for UMkhanyakude District Municipality:**

DC27 Umkhanyakude - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	22 726	19 542	30 789	52 800	46 381	46 381	46 381	49 452	41 771	46 081
Investment revenue	7 323	5 305	6 958	5 000	5 000	5 000	5 000	6 000	5 500	6 000
Transfers recognised - operational	299 771	326 160	371 747	395 613	392 457	392 457	392 457	433 445	466 115	509 947
Other own revenue	34 597	16 427	7 918	1 615	1 675	1 675	1 675	10 396	1 895	2 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>364 417</b>	<b>367 433</b>	<b>417 412</b>	<b>455 028</b>	<b>445 513</b>	<b>445 513</b>	<b>445 513</b>	<b>499 293</b>	<b>515 281</b>	<b>564 028</b>
Employee costs	132 872	140 608	152 638	158 801	158 801	158 801	158 801	173 093	190 402	209 443
Remuneration of councillors	6 446	6 874	7 207	9 387	9 387	9 387	9 387	9 856	10 345	10 345
Depreciation & asset impairment	36 515	37 539	75 299	41 702	37 000	37 000	37 000	41 992	43 788	46 415
Finance charges	2 352	1 424	2 115	1 499	1 499	1 499	1 499	1 452	1 574	1 668
Materials and bulk purchases	106 823	166 022	136 225	121 412	114 317	114 317	114 317	136 731	97 060	103 719
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	167 914	108 684	99 370	122 226	168 024	168 024	168 024	136 169	172 111	192 439
<b>Total Expenditure</b>	<b>452 921</b>	<b>461 152</b>	<b>472 854</b>	<b>455 027</b>	<b>489 028</b>	<b>489 028</b>	<b>489 028</b>	<b>499 293</b>	<b>515 280</b>	<b>564 028</b>
<b>Surplus/(Deficit)</b>	<b>(88 504)</b>	<b>(93 719)</b>	<b>(55 442)</b>	<b>1</b>	<b>(43 514)</b>	<b>(43 514)</b>	<b>(43 514)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers and subsidies - capital (monetary allocations) (f)	222 693	230 277	301 115	266 059	285 443	285 443	285 443	284 211	300 649	335 617
Contributions recognised - capital & contributed assets	–	–	–	30 000	30 000	30 000	30 000	3 600	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>134 189</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>134 189</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>

The budget presented is a reflection of a municipality that is financially distressed and moving towards stability as the previously reported deficit has been reduced to ZERO. This is a big step toward building a stable municipality financially.

The operating Budget as reflected above is estimated at R499.3 million (2019/2020); R515.3 million (2020/2021) and R564.0 million (2021/2022), respectively.

## **REVENUE ALLOCATIONS**

The municipality does not generate revenue through municipal rates. It only generates revenue from the following sources:

- a) Service charges;
- b) Government grants and subsidies; and
- c) Other revenue from minor sources

### **Service charges: water revenue**

The projected revenue for the 2019/2020 financial year amounts to R39.6 million. When compared to 2018/19 adjustment budget, the annual budget indicates no change. 2018/19 is being used as a base year for the budget year. It is estimated that the revenue to be generated during the budget year will be materially higher than the budget. The growth in revenue is anticipated from the proposed addition meter reading staff rising to 40 employees. This is a priority area and will be finalized within the first quarter of the financial year. It is estimated that the early recruitment of additional meter readers and the employment of the revenue manager, will result in growth in revenue from water service charges.

The following areas are prioritized for revenue growth during the budget year:

**All Towns:** (Domestic, Commercial and Government)

**All Townships** (Commercial and Government)

### **Service charges: sanitation**

The municipality generates revenue from sanitation charges. The estimated revenue for the budget year amounts to R0.64 million and reflects no change when compared to the adjustment budget. This projection when compared to 2017/2018 audited figures is a 9% decrease.

The revenue generated from sanitation charges is largely via the vacuum method from the domestic consumers. There has been a notable increase of private operators in the space.

Equipment like tractors and honey sucker vehicles utilized by the municipality are old and are always on repairs. A provision is made to add suitable equipment to bring back the reputation of our services. The tariff charged by the municipality is by no doubt favorable to our domestic consumers. Until such investment is made within this revenue source, the revenue growth will be experienced.

### **Service charges: electricity**

The municipality generates its revenue from selling electricity. There are two forms of electricity sales, it is through conventional and prepaid meters. The projection for the budget year amounts to R9.2 million, a 50% growth from 2018/2019.

Material electricity losses throughout the municipality are from illegal electricity usage and connections. The metering infrastructure is very old and requires immediate attention. During the 2018/2019 financial year, more investment has been made focusing on strengthening cabling infrastructure. This has stabilized the availability of electricity.

During the budget year (2019/20), the municipality will invest in new electricity smart meters for prepaid and those consumers who are on conventional model. The smart meter project is anticipated to be ready for commissioning by the end of the first quarter of the budget year.

About four (4) meter readers will be allocated to monitor the electricity consumption throughout the areas in which we provide electricity.

There is planned improvement on payment methods, the aim is to introduce the banking app platform and to expand on merchants to make payment easy.

### **Other Revenue**

Included in other revenue is the budget for Interest on short term deposits; Interest on arrear debtors; and revenue from environmental health charges.

**Interest on investments**

The projection on interest from short term deposits and savings are estimated at R6 million a 20% growth when compared to 2018/2019. Only short-term deposits are planned for the budget year.

Separate bank accounts via money markets will be established during the budget year to protect the following funds:

- ❖ MIG,
- ❖ WSIG,
- ❖ Other conditional grants, and
- ❖ Fleet management account

**Interest on arrear debtors**

For the past 3 financial years, the municipality has never charged interest on its arrear debtors. In its attempts to collect long outstanding monies, the Council has resolved to begin to charge a 10% per annum interest on all outstanding debtors. The revenue estimated for the budget year amounts to R8.2 million. There are no expenses committed on the interest from arrear debtors. This is because, the charges arise since customers are not paying. No pay no money principle applied. The interest on this source is treated as non-cash flow item.

**Income from environmental health charges**

As part of exploring new revenue sources, the tariffs on environmental health has been proposed. There are bylaws still to be finalized. It is anticipated that the full implementation of the tariff will begin in the second quarter of the budget year. There are enough employees already in the unit to deal with the inspections throughout the district. Estimated revenue from this source amounts to R0.5 million.



## OPERATING EXPENDITURE ALLOCATIONS

Operating Annual Budget major allocations amongst the different departments are listed below. These allocations do not highlight on staff benefits and Councillors allowances. Which is covered later on this report.

<b>TECHNICAL AND WATER SERVICES AUTHORITY</b>	<b>R 153 429 000</b>
Bulk Purchase	129 099 000
Repairs and Maintenance - Operations & Maintenance	15 641 000
Repairs and Maintenance - Electricity infrastructure	1 000 000
PMU	2 065 000
Governance (WSA)	3 000 000
Rural Road Assets Management	2 624 000

### Bulk Purchases

Included in the bulk purchases budget are provisions for the following expenditure items:

- ❖ Outsourced water and waste water treatment
- ❖ Bulk electricity for resale, and
- ❖ Bulk electricity for waste and water treatment plants as well as boreholes

<b>COMMUNITY, PLANNING &amp; ECONOMIC</b>	<b>23 979 000</b>
Special Programs	2 776 000
Environmental Management	500 000
Environmental Health	1 078 000
Local Economic Development	1 150 000
Extended Public Works Programme	4 600 000
Tourism	2 150 000
Development Planning	1 600 000
Disaster Management	775 000
Youth Development Programs	3 150 000
Umhlosinga Development Agency Subsidy	6 200 000

<b>CORPORATE SERVICES</b>	<b>46 625 000</b>
Fleet Management	18 883 000
SALGA Subscription fees	1 716 000
Insurance	1 245 000
Registry operations	850 000
Repairs and Maintenance - Administration	3 000 000
Security	10 000 000
I.T. systems & improvement	8 084 000
Protective Clothing	1 000 000
Cleaning of municipal buildings	500 000
Skills Development	1 347 000

<b>OFFICE OF THE MUNICIPAL MANAGER</b>	<b>22 478 000</b>
External Audit	4 140 000
Internal Audit functionality	1 870 000
Audit Committee functionality	360 000
Legal Fees	10 000 000
Public Participation & Communication	5 708 000
IGR functionality	200 000
MPAC functionality	200 000

<b>BUDGET AND TREASURY OFFICE</b>	<b>48 459 000</b>
Financial Reporting and Compliance (AFS & FAR)	4 317 000
MSCOA implementation and support	750 000
Revenue Enhancement	1 000 000
Bank charges	400 000
Depreciation & Impairments	41 992 000

## CAPITAL BUDGET 2019/20

Capital budget for the 2019/20 financial year is estimated at R287.2 million and is fully funded from national fiscus, through the Municipal infrastructure and water service infrastructure grants. 1% of the capital budget is funded through internal sources.

Vote Description R thousand	Ref	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 12 - Waste Water Management		43 675	87 150	87 150	42 677	78 360	108 296
Vote 13 - Water Management		257 550	167 709	188 865	241 534	222 289	227 319
Capital single-year expenditure sub-total		301 225	266 059	285 443	284 211	300 649	335 615
Total Capital Expenditure - Vote		301 225	266 059	285 443	284 211	300 649	335 615
<b>Capital Expenditure - Functional</b>							
<i>Governance and administration</i>		-	11 200	9 429	3 000	4 000	5 000
Executive and council		-	3 500	9 429	3 000	4 000	5 000
<i>Trading services</i>		301 225	254 859	276 015	284 211	300 649	335 615
Energy sources		-	-	-	-	-	-
Water management		257 550	167 709	188 865	241 534	222 289	227 319
Waste water management		43 675	87 150	87 150	42 677	78 360	108 296
<i>Other</i>		-	-	-	-	-	-
Total Capital Expenditure - Functional	3	301 225	266 059	285 443	287 211	304 649	340 615
<b>Funded by:</b>							
National Government		301 115	254 859	276 015	284 211	300 649	335 615
Other transfers and grants		-	11 200	9 429	-	-	-
Transfers recognised - capital	4	301 225	266 059	285 443	284 211	300 649	335 615
Borrowing	6	-	-	-	-	-	-
Internally generated funds		-	-	-	3 000	4 000	5 000
Total Capital Funding	7	301 225	266 059	285 443	287 211	304 649	340 615

The multi-year capital program (plan) is included in the approved integrated development plan (IDP) for the 2019/20 financial year.

Projected capital budget amounts to R287.2 million for the 2019/2020 financial year indicating a growth of 1.8 million (0.6%) and 6.72% (2020/21) and 19% (2021/22); respectively. This capital budget is funded as follows:

- ❖ Internally Generated Funds : R3.0 million
- ❖ Water Service Infrastructure Grant (WSIG) : R80.0 million
- ❖ Municipal Infrastructure Grant (MIG) : R204.2 million

## **ON GENERAL ELECTIONS 2019**

I take this opportunity to thank and congratulate all Citizens of South Africa in particular Kwa-Zulu Natal and Umkhanyakude District at large in making sure that we grow South Africa together by making their mark on the 2019 May General Elections and to ensure their voices are heard. I further congratulate the Independent Electoral Commission (IEC) in holding the peaceful elections.

Thank You.

**Cllr T.S Mkhombo**

**Hon. Mayor: UMkhanyakude District Municipality**

## 1.2 PROPOSED COUNCIL RESOLUTIONS:

1. the Tabled Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of Umkhanyakude District Municipality for the Financial Year 2019/2020 and indicative for the projected outer years 2020/2021 and 2021/2022 be approved as set out in the Budget Report and in the Budget, Tables as follows:

ALLOCATIONS	UKDM -DC27	UMHLOSINGA	TOTAL
Operational Budget	R 499 293 000	13 260 000	R 512 553 000
Capital Budget	R 287 211 000	47 455 000	R 334 666 000
<b>Total Budget</b>	<b>R 786 504 000</b>	<b>60 715 000</b>	<b>R 847 219 000</b>

2. That Council approves the 2019/2020 Tariff of Charges (Services and Other), with the following being confirmed,
  - (i) Connection Charges in relation to water services shall be reduced from 1 250.00 to **R650.00 per connection**,
  - (ii) That the grace period of three (3) months being granted to consumers who are illegally connected so that they update their records with the Municipality, in which failure to comply with the grace period, disconnection of services shall apply and reconnections be at the newly approved tariff.
  - (iii) The Indigent consumers be granted a **SIX (6) KILOLITRE FREE** of water only on formal application and assessment and approval granted by Municipal Manager of indigent status. The municipality to come up with mechanism to ensure the process of application is easy and accessible to the consumers willing to update their indigent status.
  - (iv) Any work function or tariff not accommodated in the Tariff of Charges be dealt with at cost plus 20%;

3. That Council approves Finance Related Policies for implementation of the 2019/2020 Annual Budget. The policies approved are the following:
  - 3.2 Budget Policy;
  - 3.3 Banking and cash management Policy;
  - 3.4 Credit Control Policy;
  - 3.5 Virement Policy; and
  - 3.6 Tariffs Policy.
  - 3.7 SCM standard operating procedures.
  
4. Council approves the interest charges on arrear accounts (Debtors) at 10% per annum with effect from 01 July 2019.
  
5. That in order to manage its debtors' book, the Council **grant** the incentive (relief) of fifty **(50) percent** for every Rand owed by its **household consumers ONLY** to those concluding the payment arrangement (plan) with the office of Chief Financial Officer. The incentive to cover the period **01 July 2014 to 30 June 2018**. This resolution shall exclude the Government and Commercial customers of Umkhanyakude District Municipality.
  
6. That Council approves the 2019/2020 Final Budget of Umhlosinga Development Agency as follows:

Allocations	Budget Year	Outer Years	
	2019/2020	2020/2021	2021/2022
Operational Budget	R 13 260 000	R 14 189 000	R 15 182 000
Capital Budget	R 47 455 000	R 47 251 000	R 50 558 000
<b>Total Budget</b>	<b>R 60 715 000</b>	<b>R 61 440 000</b>	<b>R 65 740 000</b>
<b>Shareholder subsidy</b>	<b>R 6 200 000</b>	<b>R 6 820 000</b>	<b>R 7 502 000</b>

7. That Council approves the Operating Subsidy to Umhlosinga Development Agency of **R6 200 000.00** payable in four equal instalments of R1,550,000.00 at the beginning of each quarter for the 2019/2020 financial year.

## Signed Council Resolution

**Stand 13433 Kingfisher Road,  
Portion 7**



UMKHANYAKUDE DISTRICT MUNICIPALITY  
THE CENTENARY OF  
NELSON MANDELA &  
MA ALBERTINA SISSULU

**Remainder of Harlingen  
Farm, Mkuze, 3965  
P. O. Box 449, Mkuze, 3965  
Tel: 035-573 8600  
Fax: 035-573 1094  
Email: [nmthembu@ukdm.gov.za](mailto:nmthembu@ukdm.gov.za)**

**03 June 2019**      Enquiries: Office of the GM: Corporate Services

**COUNCIL  
RESOLUTION CERTIFICATE  
TO WHOM IT MAY CONCERN**

This is to certify that the Council of UMkhanyakude District Municipality, in its Council meeting of 30 May 2019 resolved as follows regarding final 2019-2020 to 2021 -2021 Budget and Medium –Term Revenue and Expenditure Framework (MTREF):

UDMC 0346/19

**FINAL 2019/2020 TO 2021/2022 BUDGET AND  
MEDIUM –TERM REVENUE AND EXPENDITURE  
FRAMEWORK (MTREF)**

Council resolved that:

1. The Tabled Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of UMkhanyakude District Municipality for the Financial Year 2019/2020 and indicative for the projected outer years 2020/2021 and 2021/2022 be approved as set out in the Budget Report and in the Budget, Tables as follows:

ALLOCATIONS	UKDM -DC27	UMHLOSINGA	TOTAL
Operational Budget	R 499 293 000	13 260 000	R 512 553 000
Capital Budget	R 287 211 000	47 455 000	R 334 666 000
<b>Total Budget</b>	<b>R 786 504 000</b>	<b>60 715 000</b>	<b>R 847 219 000</b>



2. The 2019/2020 Tariff of Charges (Services and Other) be approved, with the following being confirmed,

(i) Connection Charges in relation to water services shall be reduced from 1 250.00 to **R650.00 per connection**.

(ii) That the grace period of three (3) months being granted to consumers who are illegally connected so that they update their records with the Municipality, in which failure to comply with the grace period, disconnection of services shall apply and reconnections be at the newly approved tariff.

(iii) The Indigent consumers be granted a **SIX (6) KILOLITRE FREE** of water only on formal application and assessment and approval granted by Municipal Manager of indigent status. The municipality to come up with mechanism to ensure the process of application is easy and accessible to the consumers willing to update their indigent status.

(iv) Any work function or tariff not accommodated in the Tariff of Charges be dealt with at cost plus 20%;

3. The Finance Related Policies for implementation of the 2019/2020 Annual Budget be approved as follows:

- 3.1 Budget Policy;
- 3.2 Banking and cash management Policy;
- 3.3 Credit Control Policy;
- 3.4 Virement Policy;
- 3.5 Tariffs Policy and
- 3.6 SCM standard operating procedures.

4. The interest charges on arrear accounts (Debtors) at 10% per annum with effect from 01 July 2019 be approved.

5. In order to manage its debtors' book, the Council **grant** the incentive (relief) of fifty (50) percent for every Rand owed by its **household consumers only** to those concluding the payment arrangement (plan) with the office of Chief Financial Officer. The incentive to cover the period **01 July 2014 to 30 June 2018**. This resolution shall exclude the Government and Commercial customers of UMkhanyakude District Municipality.

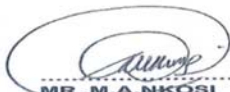
6. The 2019/2020 Final Budget of UMhlosinga Development Agency be approved as follows:

Allocations	Budget Year 2019/2020	Outer Years	
		2020/2021	2021/2022
Operational Budget	R 13 260 000	R 14 189 000	R 15 182 000
Capital Budget	R 47 455 000	R 47 251 000	R 50 558 000
<b>Total Budget</b>	<b>R 60 715 000</b>	<b>R 61 440 000</b>	<b>R 65 740 000</b>
Shareholder subsidy	R 6 200 000	R 6 820 000	R 7 502 000

7. The Operating Subsidy to UMhlosinga Development Agency of **R6 200 000.00** payable in four equal instalments of R1, 550,000.00 at the beginning of each quarter for the 2019/2020 financial year be approved.

**Proposer:** Cllr S.J.Khoza  
**Seconder:** Cllr F.C.Hlabisa

Approved & Signed by:



MR. M.A. NKOSI  
THE MUNICIPAL MANAGER  
Tel: 035 573 8600 Fax: 035 573 1904 Email: [mm@ukdm.gov.za](mailto:mm@ukdm.gov.za)

## 1.2 EXECUTIVE SUMMARY

### 1.3.1 Introduction

#### Brief Demographic Profile of uMkhanyakude Municipalities

##### The Population

Table 1: Population Figures - STATSSA 2016 Community Survey

	UMhlabuyalingana	Jozini	Big 5 Hlabisa	Mtubatuba	Umkhanyakude
<b>2011</b>	156,736	186,502	107,183	175,425	625,846
<b>2016</b>	172,077	198,215	116,622	202,176	689,090
<b>% Growth</b>	<b>8,9%</b>	<b>5,9%</b>	<b>8,7%</b>	<b>13,2%</b>	<b>9,2%</b>

Table 2: Population by Group Type for Umkhanyakude District - STATSSA 2016 Community Survey

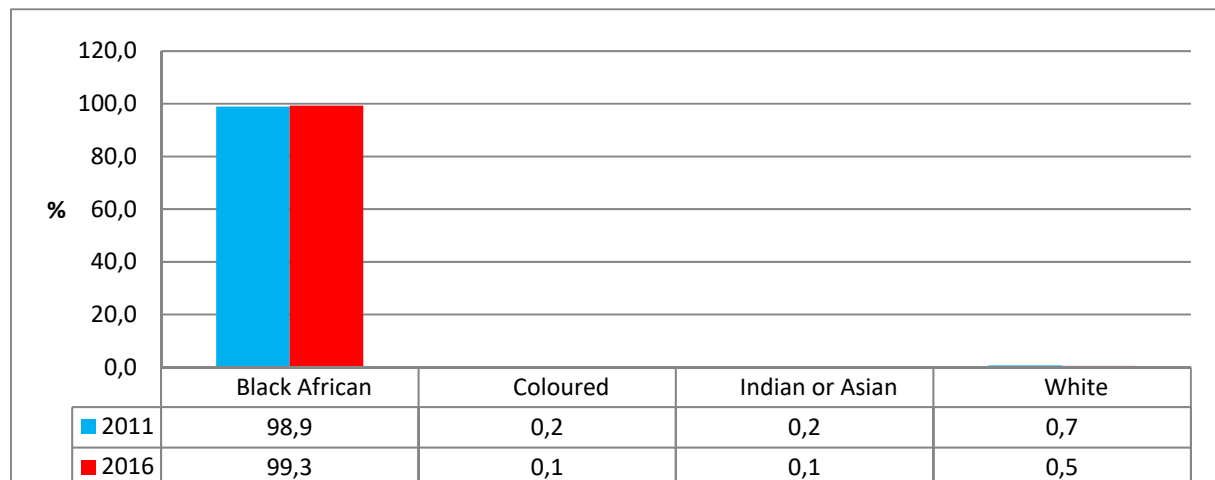


Table 3: Household Figures - STATSSA 2016 Community Survey

Municipality	Household Size	No of Wards	Traditional Councils
<b>Umhlabuyalingana</b>	39 614	18	4
<b>Jozini</b>	44 584	20	7
<b>Mtubatuba</b>	41 792	20	1
<b>Big 5 Hlabisa</b>	25 255	13	6
<b>UKDM</b>	<b>151 245</b>	<b>71</b>	<b>18</b>

### Households Types by Municipality 2016

Municipality	Number of households	Main Dwelling		
	Total	Formal housing	Informal housing	Traditional housing
KZN271: Umhlabuyalingana	39 614	27 731	968	10 896
KZN272: Jozini	44 584	29 196	1 681	13 111
KZN275: Mtubatuba	41 792	31 439	1 843	7 442
KZN276: Hlabisa – Big 5	25 255	17 724	536	6 856
<b>DC27: uMkhanyakude</b>	<b>151 245</b>	<b>106 090</b>	<b>5 028</b>	<b>38 306</b>

Source: STATSSA – Community Survey 2016

### Financial Viability and Management Analysis

The Department of Financial Services focusses on providing support to all divisions within the Municipality to comply with MFMA, Treasury & SCM Regulations, DORA, Generally Recognized Accounting Practice (GRAP) standards, all other relevant Local Government prescripts to ensure clean financial administration.

#### Audit Opinions

AUDIT OPINION	FINANCIAL PERIOD
Qualified audit opinion	2017/2018
Adverse audit opinion	2016/2017
Adverse audit opinion	2015/2016

To redress and improve on basic service delivery the budget proposes a total consolidated amount of **R809 008 000.00** which has been developed with an overall planning framework and includes programme and projects to achieve the municipality's strategic objectives.

The Medium-Term Revenue and Expenditure Frame Work is released for the consultation of the community, business, internal and external stakeholders, so they can have the influence in the area of UMkhanyakude. The budget enables the implementation of our goals as set out on the Integrated Development Plan.

### **1.3.2 Strategic Priorities**

The following strategic priorities were adopted by Council during a strategic planning session that was held on the 23-24 April 2019 at Umfolozi River Hotel.

- a) Building a capable District Municipality
  - i. Address inherent contradictions that are prevalent in the workplace
  - ii. Job descriptions and skills audit
  - iii. Skills development and capacity building
  - iv. Placement of personnel according to skills
  - v. Effective Performance Management
  
- b) Revenue Enhancement
  - i. Generate own revenue
  - ii. Increase of benefits from which can be enjoyed by all stakeholders
  - iii. Debtor cleansing process
  - iv. Effective metering and billing
  
- c) Service Delivery Driven
  - i. Ensure resources are adequately allocated;
  - ii. Look at physical, human and financial assets
  - iii. Maximise overall social and economic impact through effective and efficient service delivery
  - iv. Effective utilization of grant funding allocated
  
- d) Compliance with legislation
  - i. Complying with relevant legislation and policies
  - ii. Attend to all AG matters timeously
  - iii. Identify problems of non-compliance and address them effectively;
  - iv. Ensure effective monitoring and evaluation by legislated municipal structures

### **1.3.3 Budget principles and guidelines that directly informed the compilation of the 2019-2020 MTREF**

Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

#### **Overview of the 2019-2020 MTREF**

The operating expenditure budget of the municipality is R499.3 million indicating 8% growth when compared to the adjustment budget for the 2018/2019 financial year.

The operational revenue budget will grow by 12% to R499.3 million when compared to the adjustment budget for 2018/2019 financial year.

The total consolidated operating expenditure budget for the 2019-2020 financial year has been appropriated at R512.6 million.

The capital budget is projected at 287.2-million, reflecting a 3% decrease when compared to the 2018/2019 Adjustment Budget.

The consolidated capital budget for the 2019-2020 financial year has been appropriated at R334.7 million.

**The total consolidated budget of Umkhanyakude District Municipality and the Umhlozinga Development Agency (its only entity) for the budget year 2019/2020 amount to R847 219 000.00**

#### **1.4 Operating Revenue Framework**

In order the Municipality to continue improving the quality of services provided to the citizens it needs to generate required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from service charges accounts for insignificant percentage (23%) of the revenue basket for the municipality. Indicating over reliance to government subsidies which at present accounts for 77% for the operational purposes. This is a significant risk and is being addressed in the risk register for the 2019-2020 financial year.

## Tariffs

Tariffs modelling is an essential and strategic part of the compilation of any budget. When charges will be revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the UMkhanyakude. **The municipality is under the review of current tariffs, based on that only the tariffs for commercial as well as departments will increase with 10 per cent rates.**

National Treasury continues to encourage municipalities to keep increases in tariffs and other charges as low as possible.

It must also be appreciated that the consumer price index, as measured by CPI, is a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.



**Table 1: Proposed Water Tariffs**

**PROPOSED CONSUMPTION CHARGES AND TARIFFS FOR THE 2018/2019 FINANCIAL YEAR**

UMkhanyakude District Municipality				
Water Tariffs for 2019/20				
2018/2019		PROPOSED 2019/2020		
Area	Description	Rate	Description	10% increase
	Water		Water	
All area in DC27	RESIDENTIAL		<u>RESIDENTIAL</u>	
			Basic charge	R20.00
	0-6	Free	0-6	Free
	7-3020	7.36	7-30 per kl	20.78
	21-30	11.41		
	31-40	13.81	31-60 per kl	35.91
	40-50	16.20		
	50>	21.86	50> per kl	41.92
			<u>FLATS (NON RATEABLE)</u>	
			Basic charge	19.94
			Unit	26.95
			<u>FLATS/SIMPLEXIS</u>	
			Basic charge	19.94
			Unit	19.59

	<b>Commercial</b>		<b><u>COMMERCIAL</u></b>	
			<b>Basic Charge</b>	<b>33.23</b>
	0-20	14.4	<b>0-30kl per kl</b>	<b>21.93</b>
	0-30	17.54	<b>31-60kl per kl</b>	<b>24.44</b>
	0-40	18.59	<b>61-100kl per kl</b>	<b>28.67</b>
	0-50	20.64	<b>101kl and above per kl</b>	<b>31.93</b>
	51>	24.76		
			<b><u>CONSTRUCTION SITES</u></b>	
			<b>Basic charge</b>	<b>33.23</b>
			<b>Unit</b>	<b>27.42</b>
			<b>Flat rate- unmetered fire mains</b>	<b>230.81</b>
			<b><u>RELIGIOUS ORGANISATIONS</u></b>	
			<b>Basic charge</b>	<b>33.23</b>
			<b>Unit</b>	<b>21.74</b>
			<b><u>REGISTERED PBO's</u></b>	
			<b>Basic charge</b>	<b>33.23</b>
			<b>Unit</b>	<b>21.74</b>
	<b>Government</b>		<b><u>GOVERNMENT DEPARTMENTS</u></b>	

	0-20	14.41	<b>Unit</b>	<b>20.74</b>
	0-30	17.54		
	0-40	18.59		
	0-50	20.64		
	51>	24.76		
<b>Consumer deposit</b>		<b>Domestic 2x ave consumption minimum</b>		<b>R 650.00</b>
		<b>Commercial 2x Ave consumption minimum</b>		<b>R 1,200.00</b>

<b>UMkhanyakude District Municipality</b>			
<b>Water Related Tariffs for 2019/2020</b>			
<b>Area</b>	<b>Description</b>	<b>Rates 2018/2019</b>	<b>Rates 2019/2020</b>
water connection up to 25m	domestic	R 1,500	<b>R 650.00</b>
all connection above 25mm	domestic	actual cost + 10%	actual cost + 10%
water connection up to 25m	Commercial/other	R 2 200.00	R 2 420.00
special meter reading		R 247.50	R 272.25
prepaid meter		actual cost + 10%	actual cost + 10%
final reading disconnection		R 25.80	R 28.38
testing of a meter		R 559.80	R 615.78
tampering fee		R 1 547.82	<b>R 2 500.00</b>
Water Tanker service		R25/kl + cost per km	<b>R27.5/kl Plus cost per km</b>

Water tanker cost per km		R21.40	R23.54
Reconnection for non-payment		R 121.83	R 134.01
water in unmetered area	per household	R0.00	R0.00
all other work			cost + 10%
administration costs			cost+10%
dishonoured cheques			<b>R150.50</b>

#### **SPECIAL TARIFF FOR PRIVATE WATER TANKERING SERVICES**

0 to 5,000lt's	R 0.059 per litre
5,001lt's to 10,000lt's	R 0.067 per litre
Above 10,000lt's	R 0.074 per litre

#### **Other tariffs for letting municipal property**

Area	Description	Rates 2018/2019	Rates 2019/2020
Guest house	Rate per person per night	R 700.00	R 700.00
Park homes	Per month	R 1400.00	<b>R 7 00.00</b>
Thusong Centre offices	Rate per square meter	R 88.00	R 96.80

### **SANITATION MANAGEMENT**

a. Sanitation charged shall be charged at applicable tariffs as determined by Council in each annual budget.

b. Sanitation services shall be levied on the basis of the volume of the tank cleared on the following stepped tariff:

a) Sanitation:

#### **Residential:**

Tariff per kl water consumption

**R231.00**

#### **Business and Industry:**

Tariff per kl water consumption

**R231.00**

Availability Charge: (vacant land) per  
month

**R77.00**

#### **Deposit:**

Average two months consumption with minimum of

**R259.00**

**R195.00**

Re-connection fee

**R518.00**

Testing of meter

R470.92

<p>c. Sanitation charges shall also be on the basis of the distance traveled on the following tariff:</p> <p>a) New service connection:</p> <p>Sanitation</p> <p>All connection</p> <p>Minimum charge deposit</p> <p>Vacuum tank removals per tank load or part thereof</p> <p>R412.00</p>	<p><b>Cost plus 10%</b></p> <p><b>R971.00</b></p> <p><b>R454.00</b></p>
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## TECHNICAL AND INFRASTRUCTURE SERVICES

### ELECTRICITY MANAGEMENT

License NO: NER/D/DC27

Residential and business credit meters (two part tariff)			20017/18	2018/19
1	service charge on a single phase metering with a demand less than 25KVA	85.94	91.88	R 103.89
2	service charge on a single phase with a demand exceeding 25KVA	264.03	282.09	318.96
3	service charge on a three phase metering with a demand less than 25KVA	107.43	114.77	127.84
4	service charge on a three phase metering with a demand exceeding 25KVA	422.54	451.44	510.44
5	Conventional Single phase >25KVA Energy Charge	R137.88 c/kWh	R147.31 c/kWh	R166.56 c/kWh
6	Conventional Single phase <25KVA Energy Charge	R237.88 c/kWh	R254.15 c/kWh	R287.37 c/kWh
7	Conventional Three phase >25KVA Energy Charge	R137.88 c/kWh	R147.31 c/kWh	R166.56 c/kWh
8	Conventional Three phase <25KVA Energy Charge	R237.88 c/kWh	R254.15 c/kWh	R287.37 c/kWh
9	<b>Domestic low/pre-paid/indigent tariff</b>			
9.1	Unit (Kwh) charge on pre-paid meters.	R112.40c/kWh	R120.09 c/kWh	R135.78 c/kWh
10	<b>Industrial/institutional tariffs (three part tariff)</b>			

10.1	Unit (Kwh) charge on bulk credit meters	R62.79c/kWh	R67.08 c/kWh	R75.85 c/kWh
10.2	Service charge	R1 289.38	R1 377.57	R 1 557.62
10.3	maximum demand charge (KVA)	R200.13/KVA	R213.82 c/kWh	R241.77 c/kWh

#### 1.4.1 Sale of water and impact on tariff increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion; The full calculation is being performed to fully reflect on cost coverage.
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

#### 1.4.2 Sale of electricity and impact on tariff increases

The electricity tariff has been increased at 13.07% as per NERSA guidelines and at average increase provided for to Municipalities effective from 1 July 2019.

It should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Controls are in place to ensure infrastructure investment is made to secure revenue and to early identify illegal connections. The replacement of old prepaid



meters with smart meters is underway with the aims to complete and handover the project by the end of August 2019 for both regions.

#### **1.4.2 Sanitation and impact on tariff increases**

A tariff increases of 10 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contribute approximately 20 per cent of waste water treatment input costs, therefore the 10 per cent for sanitation tariffs.

### **PROPOSED NEW TARIFFS FOR 2019/2020 FINANCIAL YEAR**

#### **FOCUS AREA: ENVIRONMENTAL HEALTH BY-LAWS TARIFFS**

##### **Offences: Foodstuff By-law**

Any person who contravenes a provision of this by-law and allows such a contravention to take place, shall be guilty of an offence in terms of Section 16, By-laws Governing the General Hygiene requirements for food premises (R 962 of 23rd November 2012), framed under the Foodstuffs, Cosmetics and Disinfectants Act, no 54 of 1972. BUSINESS ACT No. 71 of 1991 As amended	
<b>(1) Schedule 1</b>	
Item 1 Sale or supply of meals or perishable foodstuffs – no licence	R300.00
Item 2 Provision of certain types of health facilities or entertainment	R300.00
Item 3 Hawking in meals or perishable foodstuffs	R300.00

##### **ISSUING OF CERTIFICATES OF REGISTRATION**

Person fails to be in possession of certificate of registration	R 2 500.00
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## HEALTH CERTIFICATES

Related health certificate not displayed on premises	R 500.00
Health certificate not clearly visible	R 500.00
Not in possession of a certificate of acceptability	R1 000.00
Denies/cause/permit another person to deny an official entry to the premises	R1 000.00
Obstruct/hinders/cause/permit another person to obstruct/hinder an official to perform his/her duties	R1 000.00
Fail/refuse/cause/permit another person not to give the official lawfully required information	R1 000.00
Knowingly/cause/permit another person to give the official false/misleading Information	R1 000.00
Contravenes or fails to comply with any provision of these by-laws	R300.00

## AIR POLLUTION

1. Application for a NEW Atmospheric Emission License, per listed activity.	R10 000.00
2. Application for Atmospheric Emission License Review, per listed activity under review.	R10 000.00
3. Application for Atmospheric Emission License Renewal, per listed activity.	R 5 000.00
4. Application for Atmospheric Emission License Transfer,	R 2 000.00

## 1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2019/2020 budget and MTREF is informed by the following:

- Ageing municipal infrastructure for water and sanitations.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

## OPERATING EXPENDITURE BUDGET FRAMEWORK

DC27 Umkhanyakude - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Expenditure By Type</b>											
Employee related costs	2	132 872	140 608	152 638	158 801	158 801	158 801	158 801	173 093	190 402	209 443
Remuneration of councillors		6 446	6 874	7 207	9 387	9 387	9 387	9 387	9 856	10 345	10 345
Debt impairment	3	18 465	5 263	29 958	5 789	29 958	29 958	29 958	20 283	27 456	27 708
Depreciation & asset impairment	2	36 515	37 539	75 299	41 702	37 000	37 000	37 000	41 992	43 788	46 415
Finance charges		2 352	1 424	2 115	1 499	1 499	1 499	1 499	1 452	1 574	1 668
Bulk purchases	2	73 601	90 794	101 705	85 848	97 845	97 845	97 845	129 099	90 140	95 549
Other materials	8	33 222	75 228	34 520	35 564	16 472	16 472	16 472	7 632	6 920	8 170
Contracted services		31 036	51 086	44 689	63 199	90 746	90 746	90 746	59 725	90 786	105 688
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	118 413	52 336	24 723	53 238	47 320	47 320	47 320	56 161	53 870	59 043
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>452 921</b>	<b>461 152</b>	<b>472 854</b>	<b>455 027</b>	<b>489 028</b>	<b>489 028</b>	<b>489 028</b>	<b>499 293</b>	<b>515 280</b>	<b>564 028</b>

Included in the operating expenditure are the allocation to:

- Employee Related Costs
- Remuneration of councillors

The budgeted allocation for employee related costs for the 2019-2020 financial year totals R173 million against the total budgeted operational expenditure amounting to R499.3 million, and equals 35 per cent of the total operating expenditure of the parent municipality. Based on MFMA circular number 86 guidelines the parent municipality increased the employees related cost with CPI rate plus 1 per cent. As part of the UMkhanyakude cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. The Municipality will embark on employee

placement program instead of employing new people where practical. The placement does not deal with the General Managers.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the

**Remuneration** of Public Office Bearers Act, 1998 (Act 20 of 1998) published in December 2017. The most recent proclamation in this regard has been taken into account in compiling the UMkhanyakude District budget.

### **The provision of debt impairment**

The Auditor General (AG) raised a lot of issues surrounding debtor management which amongst others included the findings around the completeness of debtors. As part of our response plan, we are performing a debtor cleansing so that we bring customer listing integrity. The outcome of the exercise will see other dormant debtors being written off from the book. The write off will be accounted for against the accumulated surplus. the accurate figures are still being quantified and will best inform the adjustment budget.

The budgeted impairment amounts to R20.3 million indicated a decrease of 32% when compared to the R29 million provided for in the adjustment budget. This is an indication that during 2019/20 the investment in debt collection and the revenue department as a whole is expected to bring a positive impact in the book.

Targets will be addressed through the SDBIP to monitor the progress against reduction of long outstanding debtors.

### **Depreciation and Assets impairment**

The depreciation and impairment charges are widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R41.992-million for the 2019-2020 reflecting an increase of 13% when compared to 2018/19 financial year adjustment budget. When comparing the budget to the audited

results it reflects 44% decrease. During 2017/18 financial year, many assets under construction were written off against the impairment accounts.

### **Finance charges**

Consist primarily of the repayment of interest on long-term borrowing (cost of capital). The interest payments relates to the DBSA loans as well as the Barzani payment plan, which has a remaining period of 24 months at 30 June 2019.

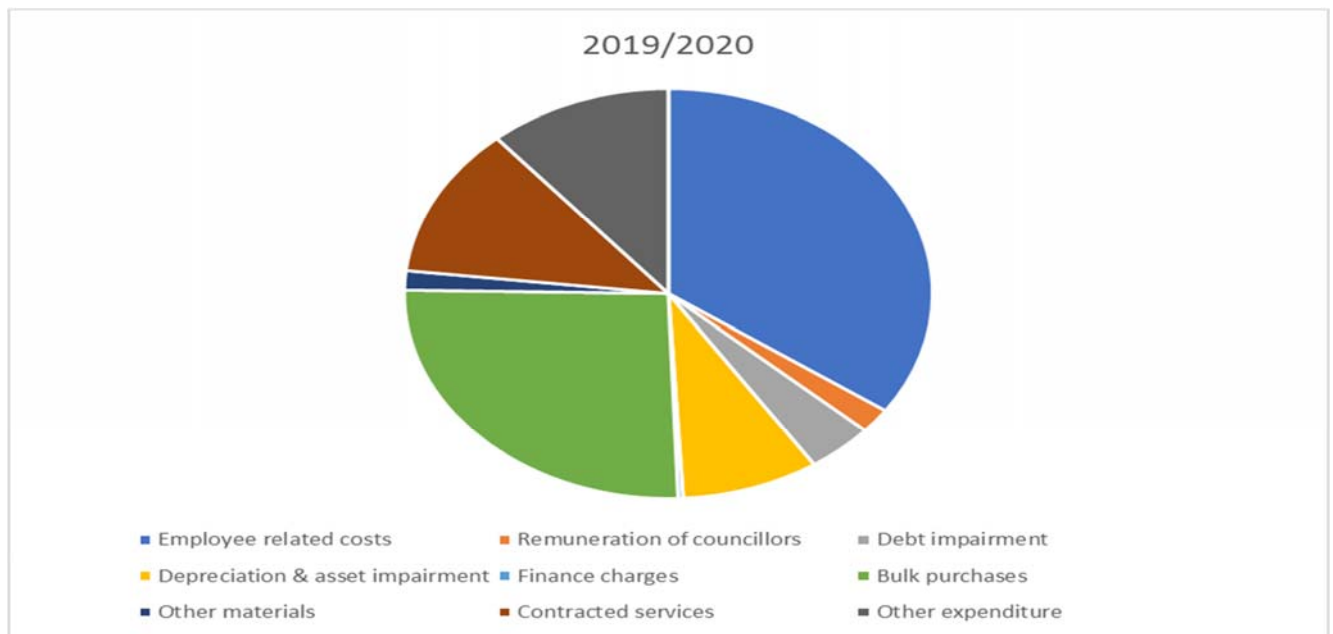
**Bulk purchases** are directly informed by the purchase of electricity from Eskom and water for water purification and reticulation. A new contract has been entered into on the bulk water and waste water treatment. The figures budgeted for accounts mainly for this contract.

**Other materials** comprise of amongst others the purchase of fuel, diesel, materials for maintenance, repairs, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the uMkhanyakude's infrastructure.

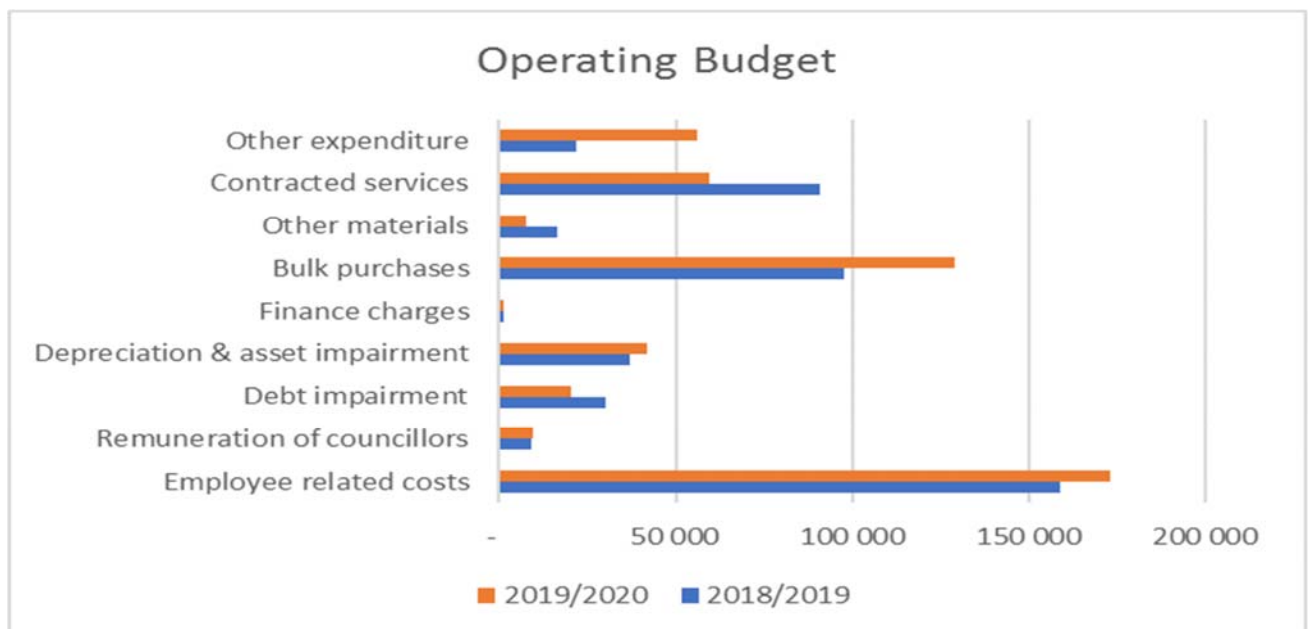
**Contracted services** have been identified as a cost saving area for the municipality. As part of the compilation of the 2019-2020 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2019-2020 financial year, this group of expenditure totals R59.7 million which equates 12 per cent of total operating expenditure.

**Other expenditure** comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 9.9 per cent for 2019-2020 including the other expenditure of the entity.

**Figure 1: Main operational expenditure categories for the 2019-2020 financial year**



**The year on year comparison of the operating budget reflect as follows:**



## 1.6 Capital Budget

Vote Description R thousand	2016/17	2017/18	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b><u>Capital expenditure - Vote</u></b>							
Vote 12 – Water Management	189 894	257 550	167 709	188 865	241 534	222 289	227 319
Vote 13 – Waste Water Management	40 376	43 675	87 150	87 150	42 677	78 360	108 296
<b>Capital single-year expenditure sub-total</b>	<b>230 270</b>	<b>301 225</b>	<b>266 059</b>	<b>285 443</b>	<b>284 211</b>	<b>300 649</b>	<b>335 615</b>
<b><u>Capital Expenditure - Functional</u></b>							
<b><i>Governance and administration</i></b>	–	–	11 200	9 429	3 000	4 000	5 000
Executive and council	–	–	3 500	9 429	3 000	4 000	5 000
<b><i>Trading services</i></b>	<b>230 270</b>	<b>301 225</b>	<b>254 859</b>	<b>276 015</b>	<b>284 211</b>	<b>300 649</b>	<b>335 615</b>
Water management	189 894	257 550	167 709	188 865	241 534	222 289	227 319
Waste water management	40 376	43 675	87 150	87 150	42 677	78 360	108 296
<b>Total Capital Expenditure - Functional</b>	<b>230 270</b>	<b>301 225</b>	<b>266 059</b>	<b>285 443</b>	<b>287 211</b>	<b>304 649</b>	<b>340 615</b>
<b><u>Funded by:</u></b>							
National Government	230 277	301 115	254 859	276 015	284 211	300 649	335 615
Other transfers and grants	–	–	11 200	9 429	–	–	–
<b>Transfers recognised - capital</b>	<b>230 270</b>	<b>301 225</b>	<b>266 059</b>	<b>285 443</b>	<b>284 211</b>	<b>300 649</b>	<b>335 615</b>
<b>Borrowing</b>	–	–	–	–	–	–	–
<b>Internally generated funds</b>	–	–	–	–	3 000	4 000	5 000
<b>Total Capital Funding</b>	<b>230 270</b>	<b>301 225</b>	<b>266 059</b>	<b>285 443</b>	<b>287 211</b>	<b>304 649</b>	<b>340 615</b>

**Table A2: Capital budget per vote**

For 2019-2020 an amount of R284 211 000 has been appropriated for the development of infrastructure which is the total capital budget. R3000 000.00 has been allocated for movable assets of the municipality and is internally generated.

## 1.7 Annual Budget tables

**Table 1: Budget Summary**

DC27 Umkhanyakude - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	22 726	19 542	30 789	52 800	46 381	46 381	46 381	49 452	41 771	46 081
Investment revenue	7 323	5 305	6 958	5 000	5 000	5 000	5 000	6 000	5 500	6 000
Transfers recognised - operational	299 771	326 160	371 747	395 613	392 457	392 457	392 457	433 445	466 115	509 947
Other own revenue	34 597	16 427	7 918	1 615	1 675	1 675	1 675	10 396	1 895	2 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>364 417</b>	<b>367 433</b>	<b>417 412</b>	<b>455 028</b>	<b>445 513</b>	<b>445 513</b>	<b>445 513</b>	<b>499 293</b>	<b>515 281</b>	<b>564 028</b>
Employee costs	132 872	140 608	152 638	158 801	158 801	158 801	158 801	173 093	190 402	209 443
Remuneration of councillors	6 446	6 874	7 207	9 387	9 387	9 387	9 387	9 856	10 345	10 345
Depreciation & asset impairment	36 515	37 539	75 299	41 702	37 000	37 000	37 000	41 992	43 788	46 415
Finance charges	2 352	1 424	2 115	1 499	1 499	1 499	1 499	1 452	1 574	1 668
Materials and bulk purchases	106 823	166 022	136 225	121 412	114 317	114 317	114 317	136 731	97 060	103 719
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	167 914	108 684	99 370	122 226	168 024	168 024	168 024	136 169	172 111	192 439
<b>Total Expenditure</b>	<b>452 921</b>	<b>461 152</b>	<b>472 854</b>	<b>455 027</b>	<b>489 028</b>	<b>489 028</b>	<b>489 028</b>	<b>499 293</b>	<b>515 280</b>	<b>564 028</b>
<b>Surplus/(Deficit)</b>	<b>(88 504)</b>	<b>(93 719)</b>	<b>(55 442)</b>	<b>1</b>	<b>(43 514)</b>	<b>(43 514)</b>	<b>(43 514)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers and subsidies - capital (monetary allocations) (M)	222 693	230 277	301 115	266 059	285 443	285 443	285 443	284 211	300 649	335 617
Contributions recognised - capital & contributed assets	–	–	–	30 000	30 000	30 000	30 000	3 600	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>134 189</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>134 189</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	222 693	230 270	301 225	266 059	285 443	285 443	285 443	287 211	304 649	340 617
Transfers recognised - capital	222 693	230 270	301 225	266 059	285 443	285 443	285 443	284 211	300 649	335 617
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	3 000	4 000	5 000
<b>Total sources of capital funds</b>	<b>222 693</b>	<b>230 270</b>	<b>301 225</b>	<b>266 059</b>	<b>285 443</b>	<b>285 443</b>	<b>285 443</b>	<b>287 211</b>	<b>304 649</b>	<b>340 617</b>
<b>Financial position</b>										
Total current assets	293 000	296 925	274 793	539 761	506 059	506 059	506 059	324 046	268 144	269 044
Total non current assets	1 626 940	1 831 994	1 968 830	1 793 746	1 793 746	1 793 746	1 793 746	2 105 667	2 242 592	2 450 381
Total current liabilities	285 569	398 581	245 793	166 087	166 087	166 087	166 087	129 156	244 909	244 909
Total non current liabilities	12 994	12 719	34 537	14 070	14 070	14 070	14 070	36 739	36 739	36 739
Community wealth/Equity	1 621 377	1 717 620	1 963 293	2 153 350	2 119 648	2 119 648	2 119 648	2 263 818	2 229 087	2 437 776
<b>Cash flows</b>										
Net cash from (used) operating	260 354	213 758	228 974	255 134	188 780	188 780	188 780	318 277	313 893	352 374
Net cash from (used) investing	(240 800)	(208 678)	(200 050)	(259 859)	(246 480)	(246 480)	(246 480)	(249 211)	(304 649)	(340 617)
Net cash from (used) financing	(836)	(854)	(845)	(1 499)	(1 499)	(1 499)	(1 499)	(60 282)	(75)	(169)
<b>Cash/cash equivalents at the year end</b>	<b>32 524</b>	<b>36 750</b>	<b>64 829</b>	<b>56 072</b>	<b>3 096</b>	<b>3 096</b>	<b>3 096</b>	<b>8 784</b>	<b>17 953</b>	<b>29 541</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	32 523	36 750	64 828	36 798	3 096	3 096	3 096	8 784	49 500	50 400
Application of cash and investments	130 842	290 125	193 455	(136 010)	(34 316)	(34 316)	(34 316)	3 251	154 567	154 373
<b>Balance - surplus (shortfall)</b>	<b>(98 318)</b>	<b>(253 375)</b>	<b>(128 627)</b>	<b>172 808</b>	<b>37 412</b>	<b>37 412</b>	<b>37 412</b>	<b>5 533</b>	<b>(105 067)</b>	<b>(103 973)</b>
<b>Asset management</b>										
Asset register summary (WDV)	222 693	230 270	301 225	266 059	266 059	266 059	266 059	287 211	304 649	340 615
Depreciation	36 515	37 539	75 300	41 702	37 000	37 000	37 000	41 992	43 788	46 415
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	5 200	5 200	5 200	5 200
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	–	29	29	29	29	29	29	29
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	37	37	37	37	37	37	37
Refuse:	–	–	–	–	–	–	–	–	–	–



**Table A2: Budgeted Financial Performance ( Revenue and expenditure by functional classification)**

DC27 Umkhanyakude - Table A2 Budgeted Financial Performance (revenue

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		309 883	322 993	374 822	380 848	380 908	380 908	188 810	200 391	221 869
Executive and council		301 242	300 011	358 696	374 748	374 748	374 748	42 873	45 017	57 172
Finance and administration		8 640	22 982	16 126	6 100	6 160	6 160	145 937	155 374	164 697
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		102	-	-	1 515	1 515	1 515	58 726	59 982	63 581
Community and social services		102	-	-	1 515	1 515	1 515	58 726	59 982	63 581
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		28 453	24 899	11 801	9 346	9 346	9 346	-	-	-
Planning and development		28 453	24 899	9 272	6 722	6 722	6 722	-	-	-
Road transport		-	-	2 530	2 624	2 624	2 624	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		25 980	19 542	30 789	63 319	53 744	53 744	251 757	258 908	284 213
Energy sources		4 884	5 262	6 141	12 560	6 141	6 141	9 212	6 441	6 741
Water management		20 666	13 771	23 942	50 119	46 963	46 963	238 750	249 856	274 442
Waste water management		430	508	706	640	640	640	3 795	2 611	3 030
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	364 417	367 433	417 412	455 028	445 513	445 513	499 293	519 281	569 662
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		327 633	289 810	291 796	191 855	199 985	199 985	188 810	200 391	221 869
Executive and council		257 730	199 761	169 693	36 332	49 474	49 474	42 873	45 017	57 172
Finance and administration		69 903	90 049	122 103	155 523	150 511	150 511	145 937	155 374	164 697
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	17 481	8 099	8 099	58 726	59 982	63 581
Community and social services		-	-	-	15 092	7 035	7 035	58 726	59 982	63 581
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	2 388	1 064	1 064	-	-	-
<i>Economic and environmental services</i>		-	-	-	41 402	49 683	49 683	-	-	-
Planning and development		-	-	-	37 442	46 059	46 059	-	-	-
Road transport		-	-	-	2 624	2 624	2 624	-	-	-
Environmental protection		-	-	-	1 335	1 000	1 000	-	-	-
<i>Trading services</i>		125 333	171 342	181 059	201 641	229 645	229 645	251 757	258 908	284 213
Energy sources		29 795	38 986	41 298	50 143	48 100	48 100	9 212	6 441	6 741
Water management		51 731	80 491	79 353	145 499	151 587	151 587	238 750	249 856	274 442
Waste water management		43 807	51 865	60 407	5 998	29 958	29 958	3 795	2 611	3 030
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	2 650	1 620	1 620	-	-	-
<b>Total Expenditure - Functional</b>	3	452 966	461 152	472 855	455 028	489 031	489 031	499 293	519 281	569 662
<b>Surplus/(Deficit) for the year</b>		(88 548)	(93 719)	(55 442)	0	(43 518)	(43 518)	-	-	-

**Table A3: Budgeted Financial Performance ( Revenue and expenditure by municipal vote)**

DC27 Umkhanyakude - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote		1									
Vote 1 - Executive and Council			301 242	300 011	358 696	374 748	374 748	374 748	42 873	45 017	57 172
Vote 2 - Finance and Administration			8 640	23 038	31 003	6 100	6 160	6 160	145 937	155 374	164 697
Vote 3 - Finance and Administration Non Core			-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services			102	-	-	1 515	1 515	1 515	58 726	59 982	63 581
Vote 5 - Community and Social Services Non Core			-	-	-	-	-	-	-	-	-
Vote 6 - Emegy Sources			4 884	5 262	6 141	12 560	6 141	6 141	9 212	6 441	6 741
Vote 7 - Environmental Protection			-	-	-	-	-	-	-	-	-
Vote 8 - Health			-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development			28 453	24 899	9 272	6 722	6 722	6 722	-	-	-
Vote 10 - Road Transport			-	-	2 530	2 624	2 624	2 624	-	-	-
Vote 11 - Sport and Recreation			-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management			430	508	706	640	640	640	3 795	2 611	3 030
Vote 13 - Water Management			20 666	13 771	23 942	50 119	46 963	46 963	238 750	245 856	268 808
Vote 14 - Other			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	364 417	367 490	432 289	455 028	445 513	445 513	499 293	515 281	564 028
Expenditure by Vote to be appropriated		1									
Vote 1 - Executive and Council			257 730	199 818	184 569	16 948	11 735	11 735	42 873	45 017	57 172
Vote 2 - Finance and Administration			69 903	90 049	122 103	142 039	133 618	133 618	145 937	155 374	164 697
Vote 3 - Finance and Administration Non Core			-	-	-	13 484	16 893	16 893	-	-	-
Vote 4 - Community and Social Services			-	-	-	15 092	7 035	7 035	58 726	59 982	63 581
Vote 5 - Community and Social Services Non Core			-	-	-	-	-	-	-	-	-
Vote 6 - Emegy Sources			29 795	38 986	41 298	50 143	48 100	48 100	9 212	6 441	6 741
Vote 7 - Environmental Protection			-	-	-	1 335	1 000	1 000	-	-	-
Vote 8 - Health			-	-	-	2 388	1 064	1 064	-	-	-
Vote 9 - Planning and Development			-	-	-	37 442	46 059	46 059	-	-	-
Vote 10 - Road Transport			-	-	-	2 624	2 624	2 624	-	-	-
Vote 11 - Sport and Recreation			-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management			43 807	51 865	60 407	5 998	29 958	29 958	3 795	2 611	3 030
Vote 13 - Water Management			51 731	80 491	79 353	167 534	190 947	190 947	238 750	245 856	268 808
Vote 14 - Other			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	452 966	461 209	487 731	455 028	489 032	489 032	499 293	515 281	564 028
Surplus/(Deficit) for the year		2	(88 549)	(93 719)	(55 442)	(0)	(43 518)	(43 518)	-	-	-

**Table A4: Budgeted Financial Performance ( revenue and expenditure)**

DC27 Umkhanyakude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	4 884	5 262	6 141	12 560	6 141	6 141	6 141	9 212	6 441	6 741
Service charges - water revenue	2	17 412	13 771	23 942	39 600	39 600	39 600	39 600	39 600	34 680	38 680
Service charges - sanitation revenue	2	430	508	706	640	640	640	640	640	650	660
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		67	56	209	90	90	90	90	100	100	–
Interest earned - external investments		7 323	5 305	6 958	5 000	5 000	5 000	5 000	6 000	5 500	6 000
Interest earned - outstanding debtors		–	–	–	–	–	–	–	8 211	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	500	–	–
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		299 771	326 160	371 747	395 613	392 457	392 457	392 457	433 445	466 115	509 947
Other revenue	2	34 531	16 370	7 709	1 525	1 585	1 585	1 585	1 585	1 795	2 000
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>364 417</b>	<b>367 433</b>	<b>417 412</b>	<b>455 028</b>	<b>445 513</b>	<b>445 513</b>	<b>445 513</b>	<b>499 293</b>	<b>515 281</b>	<b>564 028</b>
<b>Expenditure By Type</b>											
Employee related costs	2	132 872	140 608	152 638	158 801	158 801	158 801	158 801	173 093	190 402	209 443
Remuneration of councillors		6 446	6 874	7 207	9 387	9 387	9 387	9 387	9 856	10 345	10 345
Debt impairment	3	18 465	5 263	29 958	5 789	29 958	29 958	29 958	20 283	27 456	27 708
Depreciation & asset impairment	2	36 515	37 539	75 299	41 702	37 000	37 000	37 000	41 992	43 788	46 415
Finance charges		2 352	1 424	2 115	1 499	1 499	1 499	1 499	1 452	1 574	1 668
Bulk purchases	2	73 601	90 794	101 705	85 848	97 845	97 845	97 845	129 099	90 140	95 549
Other materials	8	33 222	75 228	34 520	35 564	16 472	16 472	16 472	7 632	6 920	8 170
Contracted services		31 036	51 086	44 689	63 199	90 746	90 746	90 746	59 725	90 786	105 688
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	118 413	52 336	24 723	53 238	47 320	47 320	47 320	56 161	53 870	59 043
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>452 921</b>	<b>461 152</b>	<b>472 854</b>	<b>455 027</b>	<b>489 028</b>	<b>489 028</b>	<b>489 028</b>	<b>499 293</b>	<b>515 280</b>	<b>564 028</b>
<b>Surplus/(Deficit)</b>		<b>(88 504)</b>	<b>(93 719)</b>	<b>(55 442)</b>	<b>1</b>	<b>(43 514)</b>	<b>(43 514)</b>	<b>(43 514)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		222 693	230 277	301 115	266 059	285 443	285 443	285 443	284 211	300 649	335 617
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	30 000	30 000	30 000	30 000	3 600	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>134 189</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>
Taxation		44	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>134 145</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>134 145</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		<b>134 145</b>	<b>136 558</b>	<b>245 674</b>	<b>296 060</b>	<b>271 929</b>	<b>271 929</b>	<b>271 929</b>	<b>287 811</b>	<b>300 650</b>	<b>335 617</b>

**Table A5 : Budgeted Capital Expenditure**

DC27 Umkhanyakude - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>	<b>1</b>										
<i>Single-year expenditure to be appropriated</i>	<b>2</b>										
Vote 1 - Executive and Council		–	–	–	3 500	3 500	3 500	3 500	3 000	4 000	5 000
Vote 2 - Finance and Administration		–	–	–	7 700	5 929	5 929	5 929	–	–	–
Vote 12 - Waste Water Management		1 656	40 376	43 675	87 150	87 150	87 150	87 150	42 677	78 360	108 298
Vote 13 - Water Management		221 037	189 894	257 550	167 709	188 865	188 865	188 865	241 534	222 289	227 319
Vote 14 - Other		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		222 693	230 270	301 225	266 059	285 443	285 443	285 443	287 211	304 649	340 617
<b>Total Capital Expenditure - Vote</b>		222 693	230 270	301 225	266 059	285 443	285 443	285 443	287 211	304 649	340 617
<b>Capital Expenditure - Functional</b>	<b>3</b>										
<i>Governance and administration</i>		–	–	–	11 200	9 429	9 429	9 429	3 000	4 000	5 000
Executive and council		–	–	–	3 500	9 429	9 429	9 429	3 000	4 000	5 000
Finance and administration		–	–	–	7 700	–	–	–	–	–	–
<i>Trading services</i>		222 693	230 270	301 225	254 859	276 015	276 015	276 015	284 211	300 649	335 617
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		221 037	189 894	257 550	167 709	188 865	188 865	188 865	241 534	222 289	227 319
Waste water management		1 656	40 376	43 675	87 150	87 150	87 150	87 150	42 677	78 360	108 298
Waste management		–	–	–	–	–	–	–	–	–	–
<i>Other</i>		–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>		222 693	230 270	301 225	266 059	285 443	285 443	285 443	287 211	304 649	340 617
<b>Funded by:</b>											
National Government		222 693	230 277	301 115	254 859	276 015	276 015	276 015	284 211	300 649	335 617
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	11 200	9 429	9 429	9 429	–	–	–
Transfers recognised - capital	<b>4</b>	222 693	230 270	301 225	266 059	285 443	285 443	285 443	284 211	300 649	335 617
Borrowing	<b>6</b>	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	–	–	–	3 000	4 000	5 000
<b>Total Capital Funding</b>	<b>7</b>	222 693	230 270	301 225	266 059	285 443	285 443	285 443	287 211	304 649	340 617

**Table A6: Budgeted Financial Position**

DC27 Umkhanyakude - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
<b>ASSETS</b>											
Current assets											
Cash		32 523	36 750	64 828	36 798	3 096	3 096	3 096	8 784	49 500	50 400
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	66 040	63 798	45 462	189 058	189 058	189 058	189 058	122 080	45 462	45 462
Other debtors		57 513	71 532	43 381	184 104	184 104	184 104	184 104	63 381	43 381	43 381
Current portion of long-term receivables		–	–	–	4 955	4 955	4 955	4 955	4 955	4 955	4 955
Inventory	2	136 924	124 846	121 122	124 846	124 846	124 846	124 846	124 846	124 846	124 846
<b>Total current assets</b>		<b>293 000</b>	<b>296 925</b>	<b>274 793</b>	<b>539 761</b>	<b>506 059</b>	<b>506 059</b>	<b>506 059</b>	<b>324 046</b>	<b>268 144</b>	<b>269 044</b>
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	1 626 940	1 831 107	1 968 051	1 793 746	1 793 746	1 793 746	1 793 746	2 105 667	2 242 592	2 428 638
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	302	192	–	–	–	–	–	–	–
Other non-current assets		–	586	586	–	–	–	–	21 743	–	–
<b>Total non current assets</b>		<b>1 626 940</b>	<b>1 831 994</b>	<b>1 968 830</b>	<b>1 793 746</b>	<b>1 793 746</b>	<b>1 793 746</b>	<b>1 793 746</b>	<b>2 105 667</b>	<b>2 242 592</b>	<b>2 450 381</b>
<b>TOTAL ASSETS</b>		<b>1 919 940</b>	<b>2 128 919</b>	<b>2 243 623</b>	<b>2 333 507</b>	<b>2 299 805</b>	<b>2 299 805</b>	<b>2 299 805</b>	<b>2 429 713</b>	<b>2 510 736</b>	<b>2 719 425</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	1 016	1 003	986	1 499	1 499	1 499	1 499	1 499	1 499	1 499
Consumer deposits		1 193	1 378	1 396	–	–	–	–	–	–	–
Trade and other payables	4	283 360	396 200	243 410	164 588	164 588	164 588	164 588	127 657	243 410	243 410
Provisions		–	–	–	–	–	–	–	–	–	–
<b>Total current liabilities</b>		<b>285 569</b>	<b>398 581</b>	<b>245 793</b>	<b>166 087</b>	<b>166 087</b>	<b>166 087</b>	<b>166 087</b>	<b>129 156</b>	<b>244 909</b>	<b>244 909</b>
Non current liabilities											
Borrowing		7 048	6 207	5 356	7 558	7 558	7 558	7 558	7 558	7 558	7 558
Provisions		5 946	6 512	29 181	6 512	6 512	6 512	6 512	29 181	29 181	29 181
<b>Total non current liabilities</b>		<b>12 994</b>	<b>12 719</b>	<b>34 537</b>	<b>14 070</b>	<b>14 070</b>	<b>14 070</b>	<b>14 070</b>	<b>36 739</b>	<b>36 739</b>	<b>36 739</b>
<b>TOTAL LIABILITIES</b>		<b>298 563</b>	<b>411 300</b>	<b>280 330</b>	<b>180 157</b>	<b>180 157</b>	<b>180 157</b>	<b>180 157</b>	<b>165 895</b>	<b>281 648</b>	<b>281 648</b>
<b>NET ASSETS</b>	5	<b>1 621 377</b>	<b>1 717 620</b>	<b>1 963 293</b>	<b>2 153 350</b>	<b>2 119 648</b>	<b>2 119 648</b>	<b>2 119 648</b>	<b>2 263 818</b>	<b>2 229 087</b>	<b>2 437 776</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		1 621 377	1 717 620	1 963 293	2 153 350	2 119 648	2 119 648	2 119 648	2 263 818	2 229 087	2 437 776
Reserves	4	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1 621 377</b>	<b>1 717 620</b>	<b>1 963 293</b>	<b>2 153 350</b>	<b>2 119 648</b>	<b>2 119 648</b>	<b>2 119 648</b>	<b>2 263 818</b>	<b>2 229 087</b>	<b>2 437 776</b>

**Table A7: Budgeted Cash Flows**

DC27 Umkhanyakude - Table A7 Budgeted Cash Flows

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			–	–	–	–	–	–	–	–	–	–
Service charges			36 144	16 064	21 037	55 909	24 000	24 000	24 000	38 461	41 771	46 081
Other revenue			34 597	12 129	728	1 615	1 615	1 615	1 615	1 685	1 895	2 105
Government - operating	1		299 771	326 160	371 747	395 613	395 613	395 613	395 613	433 445	466 115	510 581
Government - capital	1		217 370	276 307	255 225	254 859	276 015	276 015	276 015	287 211	304 649	340 617
Interest			7 323	5 305	6 958	5 000	5 000	5 000	5 000	6 000	5 500	6 000
Dividends			–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees			(332 499)	(421 426)	(425 319)	(456 363)	(511 964)	(511 964)	(511 964)	(447 073)	(504 463)	(551 342)
Finance charges			(2 352)	(781)	(1 402)	(1 499)	(1 499)	(1 499)	(1 499)	(1 452)	(1 574)	(1 668)
Transfers and Grants	1		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES			260 354	213 758	228 974	255 134	188 780	188 780	188 780	318 277	313 893	352 374
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	–	–	200	350	350	350	–	–	–
Decrease (increase) in non-current debtors			–	–	–	6 000	6 000	6 000	6 000	38 000	–	–
Decrease (increase) other non-current receivables			–	–	–	–	33 000	33 000	33 000	–	–	–
Decrease (increase) in non-current investments			–	–	–	–	–	–	–	–	–	–
Payments												
Capital assets			(240 800)	(208 678)	(200 050)	(266 059)	(285 830)	(285 830)	(285 830)	(287 211)	(304 649)	(340 617)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(240 800)	(208 678)	(200 050)	(259 859)	(246 480)	(246 480)	(246 480)	(249 211)	(304 649)	(340 617)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing			–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits			–	–	–	–	–	–	–	1 499	1 499	1 499
Payments												
Repayment of borrowing			(836)	(854)	(845)	(1 499)	(1 499)	(1 499)	(1 499)	(61 781)	(1 574)	(1 668)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(836)	(854)	(845)	(1 499)	(1 499)	(1 499)	(1 499)	(60 282)	(75)	(169)
NET INCREASE/ (DECREASE) IN CASH HELD												
	2		18 719	4 226	28 079	(6 224)	(59 199)	(59 199)	(59 199)	8 784	9 169	11 588
Cash/cash equivalents at the year begin:	2		13 805	32 523	36 750	62 296	62 296	62 296	62 296	–	8 784	17 953
Cash/cash equivalents at the year end:	2		32 524	36 750	64 829	56 072	3 096	3 096	3 096	8 784	17 953	29 541

**Table A8: Cash backed reserves/ accumulated surplus reconciliation**

DC27 Umkhanyakude - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	32 524	36 750	64 829	56 072	3 096	3 096	3 096	8 784	17 953	29 541
Other current investments > 90 days		(0)	0	(0)	(19 274)	(0)	(0)	(0)	(0)	31 547	20 859
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>32 523</b>	<b>36 750</b>	<b>64 828</b>	<b>36 798</b>	<b>3 096</b>	<b>3 096</b>	<b>3 096</b>	<b>8 784</b>	<b>49 500</b>	<b>50 400</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		34 385	72 996	26 361	-	-	-	-	26 361	26 361	26 361
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	38 881	-	-	-	-	-	-
Other working capital requirements	3	96 457	217 129	167 094	(229 895)	(34 316)	(34 316)	(34 316)	(23 110)	128 206	128 012
Other provisions		-	-	-	7 512	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	47 491	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>130 842</b>	<b>290 125</b>	<b>193 455</b>	<b>(136 010)</b>	<b>(34 316)</b>	<b>(34 316)</b>	<b>(34 316)</b>	<b>3 251</b>	<b>154 567</b>	<b>154 373</b>
<b>Surplus(shortfall)</b>		<b>(98 318)</b>	<b>(253 375)</b>	<b>(128 627)</b>	<b>172 808</b>	<b>37 412</b>	<b>37 412</b>	<b>37 412</b>	<b>5 533</b>	<b>(105 067)</b>	<b>(103 973)</b>

**Table A9 : Asset Management**

DC27 Umkhanyakude - Table A9 Asset Management

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE											
Total New Assets		1	249 679	230 277	301 115	164 115	-	-	284 211	300 649	323 569
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			222 693	185 946	242 709	100 626	-	-	240 211	202 289	222 027
Sanitation Infrastructure			26 986	44 331	51 480	52 290	-	-	44 000	98 360	101 542
Infrastructure			249 679	230 277	294 189	152 915	-	-	284 211	300 649	323 569
Operational Buildings			-	-	-	2 500	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	2 500	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	500	-	-	-	-	-
Furniture and Office Equipment			-	-	-	2 000	-	-	-	-	-
Machinery and Equipment			-	-	-	2 200	-	-	-	-	-
Transport Assets			-	-	6 926	4 000	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	249 679	230 277	301 115	164 115	-	-	284 211	300 649	323 569
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			222 693	185 946	242 709	100 626	-	-	240 211	202 289	222 027
Sanitation Infrastructure			26 986	44 331	51 480	52 290	-	-	44 000	98 360	101 542
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			249 679	230 277	294 189	152 915	-	-	284 211	300 649	323 569
Operational Buildings			-	-	-	2 500	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	2 500	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	500	-	-	-	-	-
Furniture and Office Equipment			-	-	-	2 000	-	-	-	-	-
Machinery and Equipment			-	-	-	2 200	-	-	-	-	-
Transport Assets			-	-	6 926	4 000	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class			249 679	230 277	301 115	164 115	-	-	284 211	300 649	323 569
ASSET REGISTER SUMMARY - PPE (MDV)		5	222 693	230 270	301 225	266 059	266 059	266 059	287 211	304 649	340 615
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			221 037	189 894	257 550	167 709	167 709	167 709	241 534	222 289	227 319
Sanitation Infrastructure			1 656	40 376	43 675	87 150	87 150	87 150	42 677	78 360	108 296
Infrastructure			222 693	230 270	301 225	254 859	254 859	254 859	284 211	300 649	335 615
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	500	500	500	-	-	-
Furniture and Office Equipment			-	-	-	4 500	4 500	4 500	-	-	-
Machinery and Equipment			-	-	-	2 200	2 200	2 200	-	-	-
Transport Assets			-	-	-	4 000	4 000	4 000	3 000	4 000	5 000
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (MDV)		5	222 693	230 270	301 225	266 059	266 059	266 059	287 211	304 649	340 615
EXPENDITURE OTHER ITEMS			36 515	37 539	75 300	41 702	37 000	37 000	41 992	43 788	46 415
Depreciation		7	36 515	37 539	75 300	41 702	37 000	37 000	41 992	43 788	46 415
TOTAL EXPENDITURE OTHER ITEMS			36 515	37 539	75 300	41 702	37 000	37 000	41 992	43 788	46 415
Renewal and upgrading of Existing Assets as % of total capex			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



**Table A10: Basic service delivery measurement**

DC27 Umkhanyakude - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	30 245	30 245	30 245	30 245	30 245	30 245
Piped water inside yard (but not in dwelling)		-	-	-	45 691	45 691	45 691	45 691	45 691	45 691
Using public tap (at least min.service level)	2	-	-	-	37 013	37 013	37 013	37 013	37 013	37 013
Other water supply (at least min.service level)	4	-	-	-	8 836	8 836	8 836	8 836	8 836	8 836
<i>Minimum Service Level and Above sub-total</i>		-	-	-	121 785	121 785	121 785	121 785	121 785	121 785
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	28 950	28 950	28 950	28 950	28 950	28 950
<i>Below Minimum Service Level sub-total</i>		-	-	-	28 950	28 950	28 950	28 950	28 950	28 950
<b>Total number of households</b>	5	-	-	-	150 735	150 735	150 735	150 735	150 735	150 735
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	13 737	13 737	13 737	13 737	13 737	13 737
Flush toilet (with septic tank)		-	-	-	5 633	5 633	5 633	5 633	5 633	5 633
Chemical toilet		-	-	-	32 255	32 255	32 255	32 255	32 255	32 255
Pit toilet (ventilated)		-	-	-	39 525	39 525	39 525	39 525	39 525	39 525
Other toilet provisions (> min.service level)		-	-	-	32 894	32 894	32 894	32 894	32 894	32 894
<i>Minimum Service Level and Above sub-total</i>		-	-	-	124 044	124 044	124 044	124 044	124 044	124 044
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	124 044	124 044	124 044	124 044	124 044	124 044
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	6 543	6 543	6 543	6 543	6 543	6 543
Electricity - prepaid (< min. service level)		-	-	-	10 012	10 012	10 012	10 012	10 012	10 012
Other energy sources		-	-	-	20 024	20 024	20 024	20 024	20 024	20 024
<i>Below Minimum Service Level sub-total</i>		-	-	-	36 579	36 579	36 579	36 579	36 579	36 579
<b>Total number of households</b>	5	-	-	-	36 579	36 579	36 579	36 579	36 579	36 579
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	5 200	5 200	5 200
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	5 200	5 200	5 200
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue: cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates	6	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		-	-	-	-	-	-	-	-	-

## **PART 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The budget process followed to compile the budget complies with legislation and good budget practices. There is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;


The municipality's revenue and tariff setting strategies are to ensure that the cash resources needed to deliver services are available; and the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget Process overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required budget time schedule on August 2018. Key dates applicable to the process were

Table 3: Schedule of key deadline for budget

		
<b>UMKHANYAKUDE DISTRICT MUNICIPALITY</b> <b>SCHEDULE OF KEY DEADLINE</b>		
<b>SCHEDULE OF KEY DEADLINE</b>		
<b>Description</b>	<b>Submission date</b>	<b>Legislature</b>
Make public, performance agreements of S.57 ( MSA) employees & submit to Council & MEC Local Government ( within 14 days of approval of SDBIP)	30-Jul-18	MSA Section 57
Submit municipal audit file, AFS and performance report to AG	30-Aug-18	MFMA Section 126
Submit consolidated audit file, AFS and performance report to AG by 30 September	30-Sep-18	MFMA Section 126
Receive Audit Report on consolidated AFS from AG	31-Dec-18	MFMA Section 126(3)
Submit adjustment budget 2017-2018 to Mayor, Provincial Treasury and National Treasury	25-Jan-19	MFMA Section 72
Table annual budget & supporting documents to council	29-Mar-19	MFMA Section 16 and 17
Public hearings on the budget	20-24 May 2019	MFMA Section 23
Approval of the annual budget	30-May-19	MFMA Section 24(1)
Approval of the SDBIP by the Mayor	28-Jun-19	MFMA Section 53(1)
Submit approved budget to Cogta, Provincial Treasury and National Treasury	13-Jun-19	MFMA Section 24

The budget together with the IDP is reviewed annually as per Section 21 of the Municipal Finance Management Act no 56 of 2003 and S34 of the Municipal Systems Act no.32 of 2000. The Municipality has resolved in eliminating unnecessary expenditure, paying off creditors and maximizing debt recovery. This annual review is as a result of the relevant regulations and priorities which are reviewed from year to year.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP/Budget Process Plan was also formulated and adopted on August 2018 together with the District IDP Framework. The IDP/Budget Process Plan outlines in detail, the way in which the municipality embarked on its IDP and Budget processes from its commencement in July 2018 to its completion in June 2019. The IDP/Budget Process

Plan outlines the time frames of scheduled events, structures involved and their respective roles and responsibilities. All these plans were adopted in accordance with the relevant legal prescripts and have dictated the process to be followed for developing the IDP.

### **2.1.2 Key IDP Processes and Deliverables**

- Setting the scene to manage the planning process and legal requirements in planning for the implementation of the integrated planning system;
- A Programme specifying time schedule that guide IDP and budget planning processes and various planning steps;
- Outlining appropriate mechanisms, processes and procedures on how the public, stakeholders, state organs can participate in the drafting of the IDP and formulation of the budget structures that will be used to ensure this participation;
- Indicate necessary organizational arrangements to ensure the successful implementation of the integrated development planning process;
- Binding plans and planning requirements, i.e. policy and legislation; and
- Programme specifying how the process will be monitored in order to manage the progress of the IDP and budget processes.

The IDP has been taken into a business and financial planning process leading up to the 2019-2020 MTREF, based on the approved 2019-2020 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections

### **2.1.3 Financial Modeling and Key Planning Drivers**

During the compilation of the 2019-2020 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019-2020 MTREF:

- Growth within the municipality

- Priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2017/2018 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation**

The 2019-2020 MTREF will be tabled before Council on March 2018 for community consultation was published on the municipality's notice board, and hard copies were made available Local Municipality's offices, and advertised on the newspaper. All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees utilised to facilitate the community consultation process from 18 to 22 April 2018, and included public briefing sessions. The applicable dates and venues will publish in all the newspapers and on average attendance of 200 was recorded per meeting. This is based on the previous year's process. This can be attributes to the additional initiatives that will be launch during the consultation process, including the specific targeting of our service charges payer. Individual sessions are scheduled with organised business and imbizo's were held to further ensure transparency and

interaction. Other stakeholders that will be involved in the consultation are churches, non-governmental institutions and community-based organisations.

## **2.2 Overview of alignment of annual budget with Integrated Development Plan**

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The IDP document has also been informed and is aligned to the following strategic documents and National and Provincial strategic objectives:

- The National Spatial Development Framework (NSDP);
- Medium Term Strategic Framework;
- Provincial Growth and Development Strategy;
- Municipal Turnaround Strategy; and
- National Delivery Outcome Agreements

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following KPAs will inform the strategic direction of the Municipality 2019-2020:

- Good Governance and Community Participation
- Service Delivery and Infrastructure Investment
- Local Economic Development
- Municipal Transformation and Institutional Development
- Municipal Financial Viability and Management
- Spatial Planning and Environmental Management

### **2.2.1 Strategic objectives**

- Good Governance & Clean administration
- Accelerating the provision of basic infrastructure, particularly water, sanitation, electricity etc.
- Promotion of sustainable Environmental Health Services;
- Facilitating and Promotion of Economic Development through Agriculture and Tourism as key drivers;
- Promotion of Social and Community Development;
- Facilitating Skills Development;

- Implementation of Poverty eradication and Food Security programmes;
- Revenue enhancement;
- Promotion of effective Communication and Information Technology (IT); and
- Facilitating Effective Environmental Planning & Management Services in the district
- And many more priority areas as outlined in details in the IDP.

Only a member or committee of a municipal council may introduce a proposal for amending the municipality's integrated development plan in the council. Any proposal for amending a municipality's integrated development plan must be accompanied by a memorandum setting out the reasons for the proposal.

An amendment to a municipality's integrated development plan would be adopted by a decision taken by a municipal council in accordance with the rules and orders of the Council. No amendment to a municipality's integrated development plan may be adopted by the municipal council unless:

- All the members of the council have been given reasonable notice;
- The proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment

*Should the intention to amend the IDP emanate from the district, the municipality must:*

- Consult all the five local municipalities in the area of the district municipality on the proposed amendment; and
- Take all comments submitted to it by the local municipalities in that area into account before it takes a final decision on the proposed amendment.

In case where a local municipality considers an amendment to its integrated development plan; such municipality must:

- Consult the UMkhanyakude District municipality on the proposed amendment; and
- Take all comments submitted to it by the district municipality into account before it takes a final decision on the proposed amendment.



Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating the planning processes that involve the communities in the analysis and planning. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019-2020 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 4: MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

*Information still being populated*

**Table 5: MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

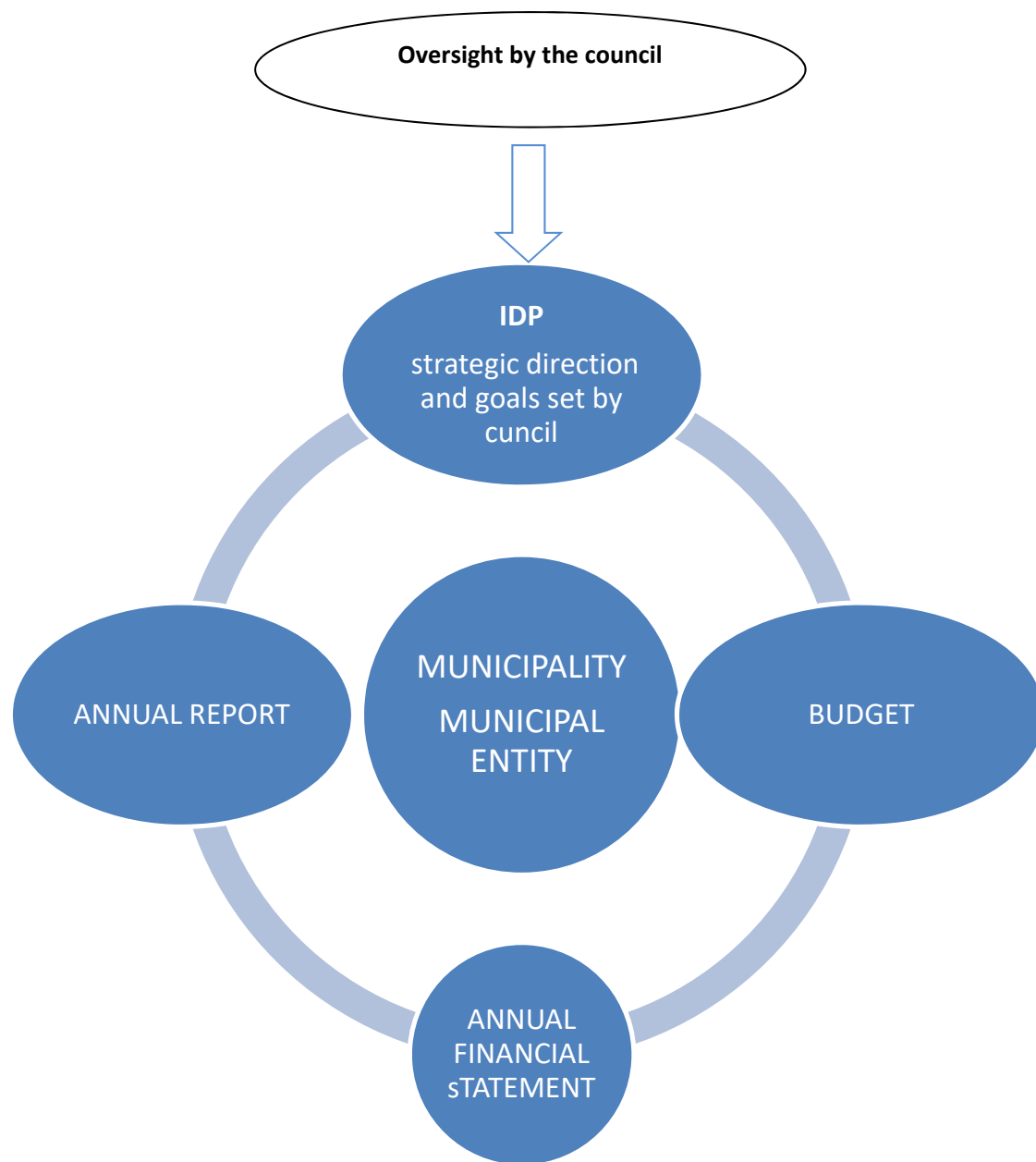
DC27 Umkhanyakude - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Municipal Transformation & Institutional Development	Alignment of the organizational structure to a broader organizational strategy	A		13 917	7 755	-	-	700	700	3 500	-	-
Basic Service Delivery	To provide basic service delivery	B		400 205	172 912	229 270	257 965	293 266	293 266	254 859	279 630	337 378
Local Economic Development	Continuous improvement of local economy	C		848	44 520	-	-	-	-	-	-	-
Municipal Financial Viability	To provide stable financial management	D		1 461	-	-	-	-	-	-	-	-
Good Governance & public participation	Maintain good governance	E		19 874	26 986	-	-	-	-	7 700	-	-
Cross Cutting Intervention	Ensuring integrity and quality of physical environment underpinned by a coherent spatial	F		5 256	-	-	-	-	-	-	-	-
		G		-	-	-	-	-	-	-	-	-
		H		-	-	-	-	-	-	-	-	-
		I		-	-	-	-	-	-	-	-	-
		J		-	-	-	-	-	-	-	-	-
		K		-	-	-	-	-	-	-	-	-
		L		-	-	-	-	-	-	-	-	-
		M		-	-	-	-	-	-	-	-	-
		N		-	-	-	-	-	-	-	-	-
		O		-	-	-	-	-	-	-	-	-
		P		-	-	-	-	-	-	-	-	-
Allocations to other priorities			3		-	-	-	-				
Total Capital Expenditure			1	441 561	252 173	229 270	257 965	293 966	293 966	266 059	279 630	337 378

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows



**Figure 2: Planning, budgeting and reporting cycle**

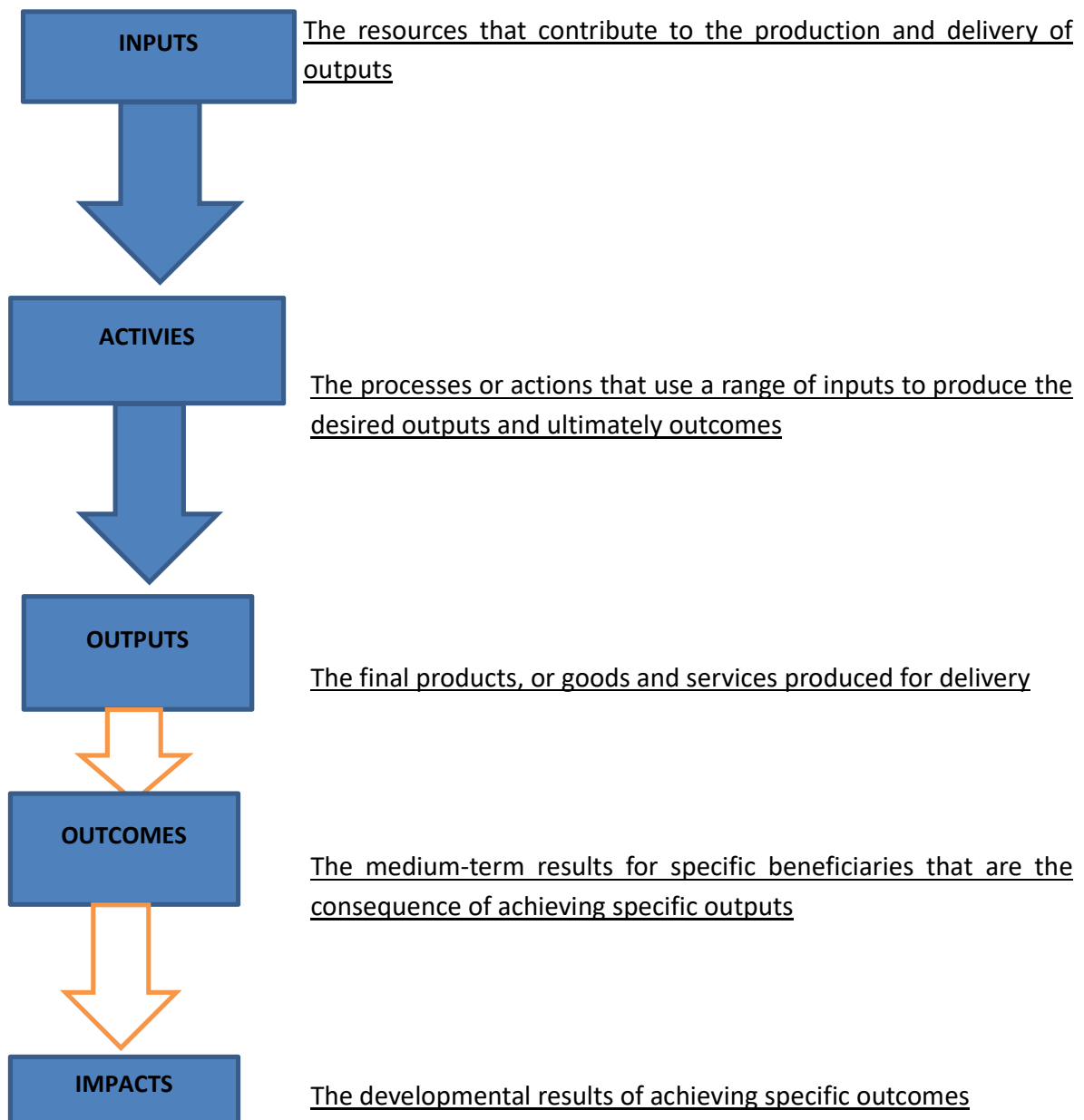
A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organization to manage and analyse its performance. As such a model provides a common framework for what aspects of performance is going to be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

**Figure 3: Definition of performance information concepts**



**Table 6: MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - vote name		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Basic Service Delivery		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		90.0%	86.0%	86.0%	90.0%	86.0%	86.0%	90.0%	86.0%	86.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Municipal Transformation & Institutional Development		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		3.0%	5.0%	5.0%	3.0%	5.0%	5.0%	3.0%	5.0%	5.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local Economic Development		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Municipal Financial Viability		0.0%	1.0%	1.0%	0.0%	1.0%	1.0%	0.0%	1.0%	1.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cross Cutting Intervention		4.0%	7.0%	7.0%	4.0%	7.0%	7.0%	4.0%	7.0%	7.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vote 2 - vote name		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure/s description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vote 3 - vote name		0.0%	0.0%	0.0%	0.0%	0				

The following table sets out the municipalities main performance objectives and benchmarks for the 2019-2020 MTREF.

**Table 7: MBRR Table SA8 - Performance indicators and benchmarks**

DC27 Umkhanyakude - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Borrowing Management</b>											
Credit Rating			0	0	0	0	0	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.7%	0.5%	0.6%	0.7%	0.6%	0.6%	0.6%	12.7%	0.6%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.9%	5.5%	6.5%	5.0%	5.7%	5.7%	5.7%	96.0%	6.4%	6.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.0	0.7	1.1	3.2	3.0	3.0	3.0	2.5	1.1	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.7	1.1	3.2	3.0	3.0	3.0	2.5	1.1	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.3	0.2	0.0	0.0	0.0	0.1	0.2	0.2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		159.0%	82.2%	68.3%	117.3%	135.8%	135.8%	135.8%	154.6%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		159.0%	82.2%	68.3%	105.9%	51.7%	51.7%	51.7%	77.8%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	33.9%	36.8%	21.3%	83.1%	84.9%	84.9%	84.9%	38.1%	18.2%	16.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors to Cash and Investments		764.7%	878.0%	332.8%	293.5%	5315.9%	5315.9%	5315.9%	1138.4%	1201.8%	730.4%
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)		6424032	6755028	7719489	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated		7 776	9 951	10 375	-	-	-	-	-	-
			0	0	0	-	-	-	-	-	-
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)			6 219	3 560	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated		17745527	30382985	16057475	0	0	0	0	0	0
			17 746	30 383	16 057	-	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.5%	38.3%	36.6%	34.9%	35.6%	35.6%	35.6%	34.7%	37.0%	37.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.2%	40.2%	38.3%	37.0%	37.8%	37.8%		36.6%	38.6%	38.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.1%	20.5%	8.3%	7.8%	3.7%	3.7%		1.5%	1.3%	1.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.7%	10.6%	18.5%	9.5%	8.6%	8.6%	8.6%	8.7%	8.8%	8.5%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.5	5.3	7.0	9.1	9.1	9.1	0.8	9.3	6.4	7.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	542.1%	690.5%	286.6%	714.9%	813.7%	813.7%	813.7%	384.3%	224.0%	203.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.2	1.3	2.2	1.9	0.1	0.1	0.1	0.3	0.5	0.7



### **2.3.1 Performance indicators and benchmarks**

#### *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and the municipality is not planning to have a long term borrowing in 2019-2020. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, UMkhanyakude District's borrowing strategy is primarily informed by the affordability of debt repayments.

#### **Safety of Capital**

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. During the 2019-2020 financial year there is no ratio movement in the municipality

#### **Liquidity**

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than the liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### **Revenue Management**

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

## **Creditors Management**

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure the compliance to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services. The municipality is working on the implementation of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the Municipality's indigent policy registered households are entitled to 6kl free water. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### **Providing clean water and managing waste water**

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of an upgrade plan;
- The Water Division will embark on training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants.

## **2.4 Overview of budget related-policies**

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies were reviewed and approved in 2019-2020 by the council of UMkhanyakude District Municipality.

### **2.4.1 Asset Management Policy**

The objectives of this policy are to:

- Safeguard the assets of UMkhanyakude District Municipality and to ensure the effective and optimal use of its assets;
- Enhance a culture of accountability over assets;
- Ensure that effective internal controls are communicated to management and staff through clear and comprehensive written documentation; and
- To provide a formal set of financial procedures that can be implemented to ensure that UMkhanyakude District Municipality's fixed asset policies are achieved and are in compliance with generally recognised accounting practise (GRAP 17).
- A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing

infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

- Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management policy, is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.2 Supply Chain Management Policy**

The Supply Chain Management Policy has been reviewed and will be tabled to council with budget. The UMkhanyakude Municipality resolved in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, to have and implement a Supply Chain Management Policy that gives effect to section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act is fair, equitable, transparent, competitive and cost effective; complies with the Regulations; and any minimum norms and standards that may be prescribed in terms of section 168 of the Act, is consistent with other applicable legislation e.g. Broad Based Black Economic Empowerment (BBBEE), does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and is consistent with national economic policy concerning the promotion of investments and doing business with the public sector, assign responsibility for the implementation of the policy to the Accounting Officer of the Municipality.

### **2.4.3 Expenditure management policy**

In terms of section 65 of the MFMA, the accounting officer of each municipality is required to take all reasonable steps to ensure that the expenditure including the payments and financial documents thereof are properly controlled and managed. It is therefore against this background that expenditure, payments and financial documents management policy is developed and approved by the council.

### **2.4.4 Risk management framework and risk management policy**

Risk management is recognised as an integral part of responsible management and the Institution therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Institution's Risk Management Framework. It is expected that all departments / sections, operations and processes will be subject to the risk management framework. It is the intention that these departments / sections will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the Institution to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Institution.

### **2.4.5 Indigent policy**

The provision of basic services to the community is in a sustainable manner, within the financial means of Council and to provide procedures and guidelines for the subsidisation of service charges and rates to its indigent households, using a portion or the whole of the Equitable Share for this purpose.

Council also recognises that many of the residents can simply not afford to pay the required service charges and rates, and Council will endeavour to ensure affordability

through. Setting rates and tariffs which will balance the economic viability of continued service delivery and determine appropriate service levels.

The following policies were tabled and approved by council during budget period

- Budget preparation and Implementation policy
- Supply Chain Management Policy
- SCM Delegations
- Cash Management and Investment Policy
- Tariff Policy
- Credit Control and Debts Collection policy; and
- Virements policy.

## **2.5 Overview of budget assumptions**

### **External factors**

The economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

General inflation outlook and its impact on the municipal activities

The following factors have been taken into consideration in the compilation of the 2019-2020 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity with 6.6 per cent and bulk water with 8 per cent;
- Depreciation calculation is based on the assumption that it won't increase for 2019-2020 as it has been adjusted during the adjustment budget.

- The increase in the cost of remuneration. Employee related costs comprise 35 percent of total consolidated operating expenditure in the 2019-2020 MTREF.
- Debt impairment calculation is based on the assumption that it won't increase for 2019-2020 as it has been adjusted during the adjustment budget.

### **Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. However, for simplicity the 2019-2020 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

### **Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate of the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The following projects will assist in improving revenue collection:

- Data Cleansing
- Installation of meters

The rate of revenue collection is currently very low since the community of UMkhanyakude have a high rate of unemployment and indigent.

### **Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue

benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **Salary increases**

The increase on salaries for 2018/2019 is based on the Bargaining Council salary agreement which is CPI plus 1 per cent. Therefore, salaries for employees have been increased by 7,7 per cent.

### **Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2019-2020 MTREF of which performance has been factored into the cash flow budget.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity and sanitation. Operating and capital grants is from organs of state and other minor charges (such as new connection fees etc.)

The revenue strategy is a function of key components such as:

- Growth in the UMkhanyakude and economic development;
- Revenue management and enhancement;
- Improvement in collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers aligned to the economic forecasts.

The proposed tariff increases for the 2019-2020 MTREF on the different revenue categories are:

**Table 8: Proposed tariff increases over the medium-term**

Services charges relating to electricity, water and sanitation constitutes the revenue totalling R49.5 million for the 2019-2020 financial year and R41.2 million by 2020-2021, and increasing to R46.1 million in 2021-2022.

Operational grants and subsidies consolidated amount to R 433 million (2019-2020), R470 million (2020-2021) and R516 million (2021-2022) for each of the respective financial years of the MTREF operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF for two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is 87 per cent of services charges.

It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget. For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability.

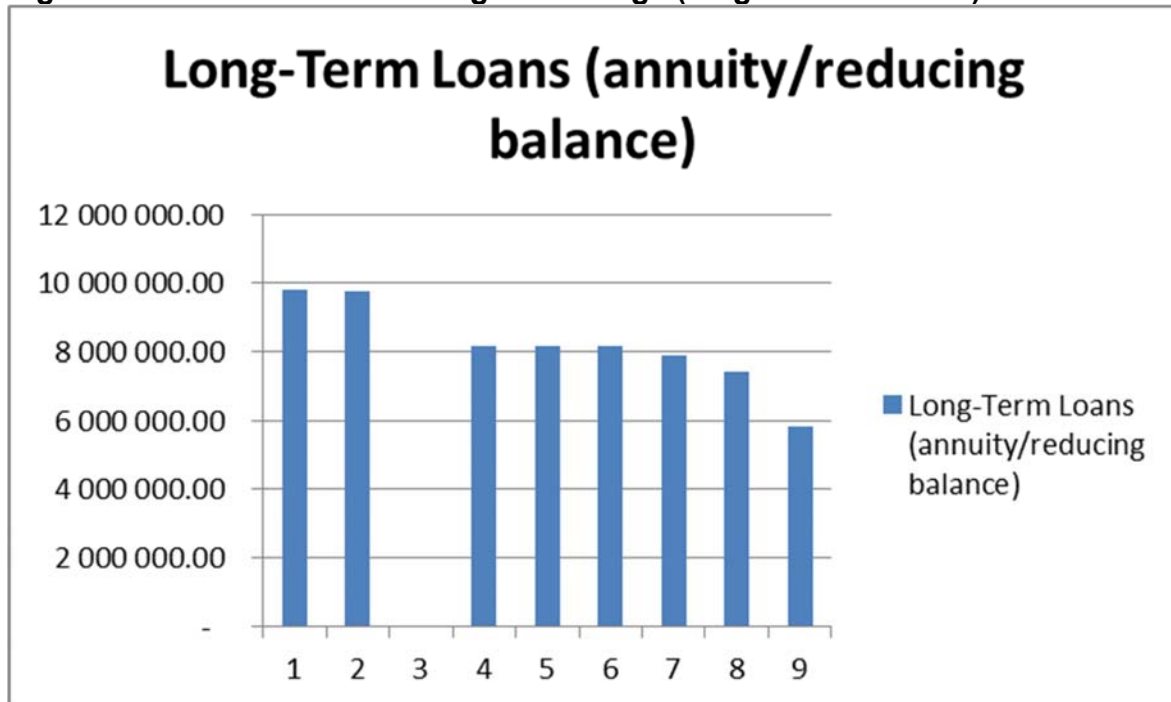
**Table 9: MBRR SA 17 - Detail of borrowings**

**The municipality budgeted for 2019-2020 the outstanding loan with DBSA**

DC27 Umkhanyakude - Supporting Table SA17 Borrowing

2021 Ordinary Budget - Supporting Tables - Borrowing										
Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		7 048	6 207	5 356	7 558	7 558	7 558	7 558	7 558	7 558
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	7 048	6 207	5 356	7 558	7 558	7 558	7 558	7 558	7 558
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	7 048	6 207	5 356	7 558	7 558	7 558	7 558	7 558	7 558
Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

**Figure 4: Growth in outstanding borrowings (long-term liabilities)**



In the 2019-2020 the various cost efficiencies and savings have been realised to ensure the municipality could meet its operational expenditure commitments. In addition the municipality undertook an extensive debt collection process to boost cash levels but due to unemployment and indigent community of UMkhanyakude we did not succeed in increasing cash collection. These initiatives and interventions have translated into a positive cash position for the municipality and it is projected that cash and cash equivalents on hand will decrease to zero by the financial year end.

#### **Cash Backed Reserves/Accumulated Surplus Reconciliation**

The reconciliation seeks to answer three question of the following:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

From the above tables it can be seen that the cash are progressively increasing to R8.8 million by 2019-2020 , including the projected cash and cash equivalents as determined in the cash flow forecast.

The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

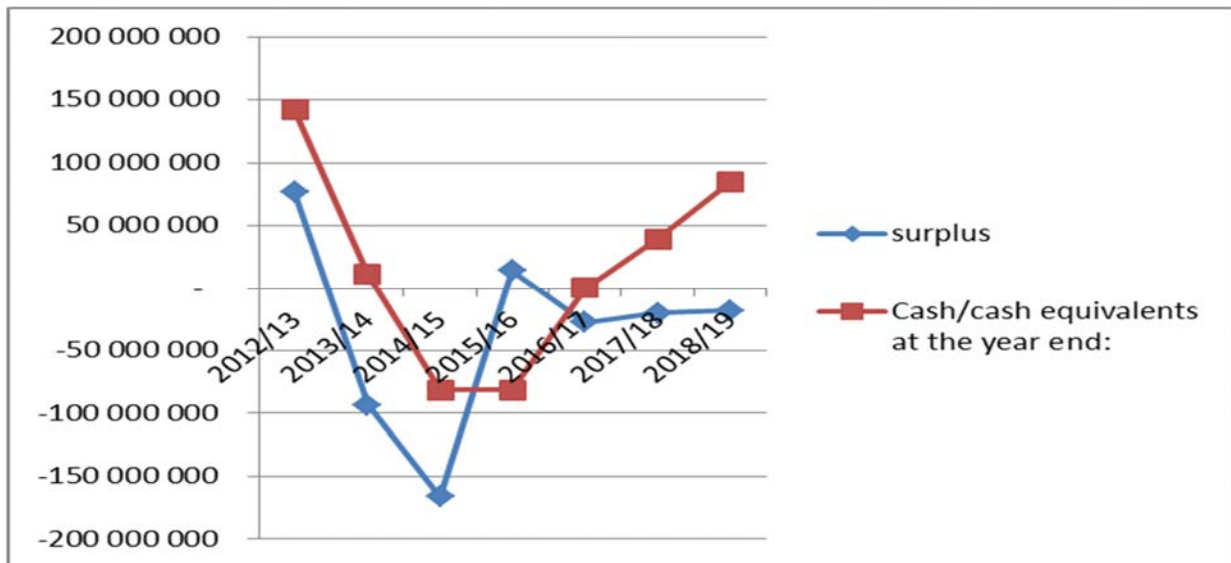
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital.

Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

**Figure 5: Cash and cash equivalents/cash backed reserves and accumulated funds**



## Cash and cash equivalents / Cash backed reserves and accumulated funds

### Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 10: MBRR SA10 – Funding compliance measurement**

DC27 Umkhanyakude Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	32 524	36 750	64 829	56 072	3 096	3 096	3 096	8 784	17 953	29 541
Cash + investments at the yr end less applications - R'000	18(1)b	2	(98 318)	(253 375)	(128 627)	172 808	37 412	37 412	37 412	5 533	(105 067)	(103 973)
Cash year end/monthly employee/supplier payments	18(1)b	3	1.2	1.3	2.2	1.9	0.1	0.1	0.1	0.3	0.5	0.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	134 189	136 558	245 674	296 060	271 929	271 929	271 929	287 811	300 650	335 617
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(20.0%)	51.6%	65.5%	(18.2%)	(6.0%)	(6.0%)	0.6%	(21.5%)	4.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	123.4%	78.4%	56.2%	105.7%	53.3%	53.3%	53.3%	67.1%	100.0%	100.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	81.3%	26.9%	97.3%	11.0%	64.6%	64.6%	64.6%	41.0%	65.7%	60.1%
Capital payments % of capital expenditure	18(1)c,(19)	8	108.1%	90.6%	66.4%	100.0%	100.1%	100.1%	100.1%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.2%	100.0%	99.9%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	9.5%	(34.4%)	325.6%	0.0%	0.0%	0.0%	(49.6%)	(50.7%)	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.5%	4.1%	1.8%	2.0%	0.9%	0.9%	0.4%	0.4%	0.3%	0.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

### **Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

### **Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

### **Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

### **Service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. The outcome is lower than it might be due to the slowdown in the economy

and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

### **Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

### **Capital payments of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a no per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers and contributions).

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

### **Transfers/grants revenue of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The municipality has budgeted for all transfers.



**Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

**Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project.

## 2.6 Expenditure on grants and reconciliations of unspent funds

**Table 11: MBRR SA19 - Expenditure on transfers and grant programmes**

DC27 Umkhanyakude - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		283 287	326 160	–	391 913	388 757	388 757	431 845	466 115	509 947
Local Government Equitable Share		265 376	292 147	–	329 739	329 739	329 739	363 200	396 658	434 673
Finance Management		1 250	1 250	–	1 000	1 000	1 000	1 465	1 897	2 161
Municipal Systems Improvement		940	–	–	–	–	–	–	–	–
Water Services Operating Subsidy		5 200	–	–	–	–	–	–	–	–
Rural Assets management		–	–	–	2 624	2 624	2 624	2 780	2 939	3 101
EPWP Incentive		–	1 293	–	3 022	3 022	3 022	4 674	–	–
RSC Levy Replacement		–	–	–	45 009	45 009	45 009	48 978	53 239	57 719
<b>Project Management Unit</b>		10 521	31 470	–	10 519	7 363	7 363	10 748	11 382	12 293
Provincial Government:		693	408	–	3 700	3 700	3 700	1 600	–	–
Ingodini Study		–	–	–	–	–	–	–	–	–
Dukuduku Forest Environmental Management Framework		–	–	–	1 000	1 000	1 000	–	–	–
Mkuze Airport		–	–	–	2 000	2 000	2 000	–	–	–
Tourism Strategy		–	–	–	700	700	700	–	–	–
Spatial Development Framework Support		–	–	–	–	–	–	–	–	–
Ndumo Groundnuts		396	354	–	–	–	–	–	–	–
Shared services grant		195	55	–	–	–	–	–	–	–
Mbazwana Thusong Centre		102	–	–	–	–	–	–	–	–
GIS Grant		–	–	–	–	–	–	1 600	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
<b>Total operating expenditure of Transfers and Grants:</b>		283 980	326 568	–	395 613	392 457	392 457	433 445	466 115	509 947
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		222 693	230 277	301 115	254 859	276 015	276 015	284 211	300 649	323 569
Municipal Infrastructure Grant (MIG)		222 693	192 112	218 910	199 859	203 015	203 015	204 211	216 249	233 569
nil		–	–	–	–	–	–	–	–	–
Water service infrastructure grant		–	38 166	82 205	55 000	73 000	73 000	80 000	84 400	90 000
nil		–	–	–	–	–	–	–	–	–
<b>NIL</b>		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants <i>[insert description]</i>		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
<b>NIL</b>		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–	–
<b>NIL</b>		–	–	–	–	–	–	–	–	–
<b>Total capital expenditure of Transfers and Grants</b>		222 693	230 277	301 115	254 859	276 015	276 015	284 211	300 649	323 569
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		506 673	556 845	301 115	650 472	668 472	668 472	717 656	766 764	833 516

**Table 12: MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

DC27 Umkhanyakude - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>Operating transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year		–	4 779	–	–	–	–	–	–	–
Current year receipts		–	2 543	2 258	391 913	388 757	388 757	431 845	466 115	509 947
Conditions met - transferred to revenue		–	7 322	2 258	3 700	388 757	388 757	431 845	466 115	509 947
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		22 540	25 080	21 207	–	–	–	–	–	–
Current year receipts		8 706	29 197	37 576	3 700	3 700	3 700	1 600	–	–
Conditions met - transferred to revenue		31 246	54 278	58 783	3 700	3 700	3 700	1 600	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
<b>Total operating transfers and grants revenue</b>		31 246	61 599	61 041	7 400	392 457	392 457	433 445	466 115	509 947
<b>Total operating transfers and grants - CTBM</b>	2	–	–	–	–	–	–	–	–	–
<b>Capital transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year		16 447	–	51 788	–	–	–	–	–	–
Current year receipts		210 419	277 893	268 910	254 859	276 015	276 015	284 211	300 649	323 569
Conditions met - transferred to revenue		226 866	277 893	320 698	254 859	276 015	276 015	284 211	300 649	323 569
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
<b>Total capital transfers and grants revenue</b>		226 866	277 893	320 698	254 859	276 015	276 015	284 211	300 649	323 569
<b>Total capital transfers and grants - CTBM</b>	2	–	–	–	–	–	–	–	–	–
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		258 112	339 492	381 739	262 259	668 472	668 472	717 656	766 764	833 516
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		–	–	–	–	–	–	–	–	–

## 2.7 Councillor and employee benefits

**Table 13: MBRR SA22 - Summary of councillor and staff benefits**

DC27 Umkhanyakude - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		5 996	6 354	6 674	9 078	9 078	9 078	7 984	7 333	7 773
Pension and UIF Contributions		18	18	7	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		366	333	366	-	-	-	1 476	665	705
Cellphone Allowance		63	59	109	106	106	106	396	311	329
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		3	111	51	204	204	204	-	-	-
<b>Sub Total - Councillors</b>		6 446	6 874	7 207	9 387	9 387	9 387	9 856	8 309	8 807
% increase	4		6.7%	4.8%	30.2%	-	-	5.0%	(15.7%)	6.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3 465	4 627	4 540	8 491	8 491	8 491	9 192	10 028	10 939
Pension and UIF Contributions		43	181	202	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		203	203	118	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		908	1 179	664	-	-	-	-	-	-
Payments in lieu of leave		212	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		4 832	6 189	5 524	8 491	8 491	8 491	9 192	10 028	10 939
% increase	4		28.1%	(10.7%)	53.7%	-	-	8.3%	9.1%	9.1%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		88 555	93 073	106 062	111 510	111 510	111 510	144 240	159 339	175 886
Pension and UIF Contributions		-	-	-	18 643	18 643	18 643	6 554	6 882	7 295
Medical Aid Contributions		19 203	20 222	20 364	482	482	482	350	368	390
Overtime		2 704	3 146	3 653	2 187	2 187	2 187	2 383	2 503	2 653
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		6 589	6 180	6 724	570	570	570	725	761	807
Cellphone Allowance		-	-	-	4	4	4	-	-	-
Housing Allowances		2 002	556	1 069	131	131	131	129	136	144
Other benefits and allowances		102	(1 178)	(664)	9 939	9 939	9 939	-	-	-
Payments in lieu of leave		848	3 041	65	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		120 002	125 040	137 273	143 466	143 466	143 466	154 381	169 989	187 175
% increase	4		4.2%	9.8%	4.5%	-	-	7.6%	10.1%	10.1%
<b>Total Parent Municipality</b>		131 279	138 104	150 004	161 345	161 345	161 345	173 430	188 326	206 921
			5.2%	8.6%	7.6%	-	-	7.5%	8.6%	9.9%

**Table 14: MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

DC27 Umkhanyakude - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	603 715	195 317	40 800			839 832
Chief Whip		1	302 068	154 630	40 800			497 498
Executive Mayor		1	754 647	121 883	40 800			917 330
Deputy Executive Mayor		1	603 715	195 317	40 800			839 832
Executive Committee		2	604 135	309 260	81 600			994 995
Total for all other councillors		30	3 534 863	1 342 000	890 000			5 766 863
<b>Total Councillors</b>	8	36	6 403 143	2 318 407	1 134 800			9 856 350
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	2 014 638	-	-	-		2 014 638
Chief Finance Officer		1	1 914 739	-	-	-		1 914 739
Head of department: corporate		1	1 914 739	-	-	-		1 914 739
Head of department: Technical Services		1	1 914 739	-	-	-		1 914 739
Head of department: Community Services		1	1 914 739	-	-	-		1 914 739
NIL		-	-	-	-	-		-
<b>Total Senior managers of the municipality</b>			9 673 594	-	-	-		9 673 594
List of each official with packages >= senior manager								
NIL			-	-	-	-		-
NIL			-	-	-	-		-
<b>Total Senior Managers of the Municipality</b>	8,10	5	19 347 188	-	-	-		19 347 188
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
Senior Managers of Entities			3 191 505	-	-	-		3 191 505
NIL			-	-	-	-		-
<b>Total for municipal entities</b>	8,10	-	3 191 505	-	-	-		3 191 505
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	41	28 941 836	2 318 407	1 134 800	-		32 395 043

**Table 15: MBRR SA24 – Summary of personnel numbers**

DC27 Umkhanyakude - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		36	10	26	36	10	26	36	10	26
Board Members of municipal entities	4	6	–	6	7	–	7	7	–	7
Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	4	–	4	3	–	3	4	–	4
Other Managers	7	4	4	–	4	4	–	4	4	–
Professionals		–	–	–	–	–	–	–	–	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Technicians		369	157	212	369	157	212	368	156	212
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		1	1	–	1	1	–	1	1	–
Information Technology		1	1	–	1	1	–	1	1	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		1	1	–	1	1	–	1	1	–
Water		1	1	–	1	1	–	1	1	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		365	153	212	365	153	212	364	152	212
Clerks (Clerical and administrative)		80	80	–	80	80	–	79	79	–
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		74	74	–	74	74	–	74	74	–
Elementary Occupations		–	–	–	–	–	–	–	–	–
<b>TOTAL PERSONNEL NUMBERS</b>	9	573	325	248	573	325	248	572	323	249
% increase		–	–	–	–	–	–	(0.2%)	(0.6%)	0.4%
Total municipal employees headcount	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	–	–	–	–	–	–	–	–	–
Human Resources personnel headcount	8, 10	573	325	248	573	325	248	572	323	249

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 16: MBRR SA25 - Budgeted monthly revenue and expenditure**

DC27 Umkhanyakude - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Revenue By Source																		
Property rates			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue			768	768	768	768	768	768	768	768	768	768	768	768	9 212	6 441	6 741	
Service charges - water revenue			3 300	3 300	3 300	3 300	3 300	3 300	3 300	3 300	3 300	3 300	3 300	3 300	39 600	34 680	38 680	
Service charges - sanitation revenue			53	53	53	53	53	53	53	53	53	53	53	53	640	650	660	
Service charges - refuse revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment			8	8	8	8	8	8	8	8	8	8	8	8	100	100	-	
Interest earned - external investments			2 000	-	-	-	2 000	-	-	-	2 000	-	-	-	6 000	5 500	6 000	
Interest earned - outstanding debtors			684	684	684	684	684	684	684	684	684	684	684	685	8 211	-	-	
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits			42	42	42	42	42	42	42	42	42	42	42	42	500	-	-	
Licences and permits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies			144 482	-	-	-	144 482	-	-	-	144 482	-	-	(0)	433 445	466 115	509 947	
Other revenue			132	132	132	132	132	132	132	132	132	132	132	132	1 585	1 795	2 000	
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contribution)			151 469	4 987	4 987	4 987	151 469	4 987	4 987	4 987	151 469	4 987	4 987	4 988	499 293	515 281	564 028	
Expenditure By Type																		
Employee related costs			14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 425	173 093	190 402	209 443	
Remuneration of councillors			821	821	821	821	821	821	821	821	821	821	821	822	9 856	10 345	10 345	
Debt impairment			1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 691	20 283	27 456	27 708	
Depreciation & asset impairment			-	-	10 498	-	-	10 498	-	-	10 498	-	-	10 498	41 992	43 788	46 415	
Finance charges			121	121	121	121	121	121	121	121	121	121	121	121	1 452	1 574	1 668	
Bulk purchases			10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 758	10 759	129 099	90 140	95 549	
Other materials			636	636	636	636	636	636	636	636	636	636	636	636	7 632	6 920	8 170	
Contracted services			4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	4 977	59 725	90 786	105 688	
Transfers and subsidies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure			4 680	4 680	4 680	4 680	4 680	4 680	4 680	4 680	4 680	4 680	4 680	4 680	56 161	53 870	59 043	
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure			38 108	38 108	48 606	38 108	38 108	48 606	38 108	38 108	48 606	38 108	38 108	48 606	499 293	515 280	564 028	
Surplus/(Deficit)			113 361	(33 121)	(43 619)	(33 121)	113 361	(43 619)	(33 121)	(33 121)	102 863	(33 121)	(33 121)	(43 619)	0	0	0	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			94 737	-	-	-	94 737	-	-	-	94 737	-	-	0	284 211	300 649	335 617	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	3 600	3 600	-	-	
Surplus/(Deficit) after capital transfers & contributions			208 098	(33 121)	(43 619)	(33 121)	208 098	(43 619)	(33 121)	(33 121)	197 600	(33 121)	(33 121)	(40 019)	287 811	300 650	335 617	
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)			1	208 098	(33 121)	(43 619)	(33 121)	208 098	(43 619)	(33 121)	(33 121)	197 600	(33 121)	(33 121)	(40 019)	287 811	300 650	335 617

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

**Table 17: MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

DC27 Umkhanyakude - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Budget Year 2019/20															Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22		
Revenue by Vote																	
Vote 1 - Executive and Council													42 873	45 017	57 172		
Vote 2 - Finance and Administration													145 937	145 937	164 697		
Vote 3 - Finance and Administration Non Core																	
Vote 4 - Community and Social Services	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	58 726	59 982	63 581		
Vote 5 - Community and Social Services Non Core																	
Vote 6 - Emergency Sources	768	768	768	768	768	768	768	768	768	768	768	768	9 212	6 441	6 741		
Vote 7 - Environmental Protection																	
Vote 8 - Health																	
Vote 9 - Planning and Development																	
Vote 10 - Road Transport																	
Vote 11 - Sport and Recreation																	
Vote 12 - Waste Water Management	316	316	316	316	316	316	316	316	316	316	316	316	3 795	2 611	3 030		
Vote 13 - Water Management	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	238 750	245 856	268 808		
Vote 14 - Other																	
Vote 15 - [NAME OF VOTE 15]																	
Total Revenue by Vote	25 874	25 874	25 874	25 874	25 874	25 874	25 874	25 874	25 874	25 874	25 874	214 683	499 293	515 281	564 028		
Expenditure by Vote to be appropriated																	
Vote 1 - Executive and Council	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	42 873	45 017	57 172		
Vote 2 - Finance and Administration	12 161	12 161	12 161	12 161	12 161	12 161	12 161	12 161	12 161	12 161	12 161	12 161	145 937	155 374	164 697		
Vote 3 - Finance and Administration Non Core																	
Vote 4 - Community and Social Services	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	4 894	58 726	59 982	63 581		
Vote 5 - Community and Social Services Non Core																	
Vote 6 - Emergency Sources	768	768	768	768	768	768	768	768	768	768	768	768	9 212	6 441	6 741		
Vote 7 - Environmental Protection																	
Vote 8 - Health																	
Vote 9 - Planning and Development																	
Vote 10 - Road Transport																	
Vote 11 - Sport and Recreation																	
Vote 12 - Waste Water Management	316	316	316	316	316	316	316	316	316	316	316	316	3 795	2 611	3 030		
Vote 13 - Water Management	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	19 896	238 750	245 856	268 808		
Vote 14 - Other																	
Vote 15 - [NAME OF VOTE 15]																	
Total Expenditure by Vote	41 608	41 608	41 608	41 608	41 608	41 608	41 608	41 608	41 608	41 608	41 608	41 607	499 293	515 281	564 028		
Surplus/(Deficit) before assoc.	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	(15 734)	173 076	-	-	-		



**Table 18: MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

DC27 Umkhanyakude - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>																
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		51 882	3 573	3 573	3 573	51 882	3 573	3 573	3 573	51 882	3 573	3 573	4 583	188 810	200 391	221 869
Executive and council		3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	42 873	45 017	57 172
Finance and administration		48 309	-	-	-	48 309	-	-	-	48 309	-	-	1 010	145 937	155 374	164 697
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		19 042	-	-	-	19 042	-	-	-	19 042	-	-	1 600	58 726	59 982	63 581
Community and social services		19 042	-	-	-	19 042	-	-	-	19 042	-	-	1 600	58 726	59 982	63 581
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		77 352	-	-	-	77 352	-	-	-	77 352	-	-	19 702	251 757	258 908	284 213
Energy sources		2 568	-	-	-	2 568	-	-	-	2 568	-	-	1 507	9 212	6 441	6 741
Water management		73 518	-	-	-	73 518	-	-	-	73 518	-	-	18 195	238 750	249 856	274 442
Waste water management		1 265	-	-	-	1 265	-	-	-	1 265	-	-	-	3 795	2 611	3 030
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>		148 275	3 573	3 573	3 573	148 275	3 573	3 573	3 573	148 275	3 573	3 573	25 884	499 293	519 281	569 662
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		51 882	3 573	3 573	3 573	51 882	3 573	3 573	3 573	51 882	3 573	3 573	4 583	188 810	200 391	221 869
Executive and council		3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	3 573	42 873	45 017	57 172
Finance and administration		48 309	-	-	-	48 309	-	-	-	48 309	-	-	1 010	145 937	155 374	164 697
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		19 042	-	-	-	19 042	-	-	-	19 042	-	-	1 600	58 726	59 982	63 581
Community and social services		19 042	-	-	-	19 042	-	-	-	19 042	-	-	1 600	58 726	59 982	63 581
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		77 352	-	-	-	77 352	-	-	-	77 352	-	-	19 702	251 757	258 908	284 213
Energy sources		2 568	-	-	-	2 568	-	-	-	2 568	-	-	1 507	9 212	6 441	6 741
Water management		73 518	-	-	-	73 518	-	-	-	73 518	-	-	18 195	238 750	249 856	274 442
Waste water management		1 265	-	-	-	1 265	-	-	-	1 265	-	-	-	3 795	2 611	3 030
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>		148 275	3 573	3 573	3 573	148 275	3 573	3 573	3 573	148 275	3 573	3 573	25 884	499 293	519 281	569 662
<b>Surplus/(Deficit) before assoc.</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

References

**Table 19: MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

DC27 Umkhanyakude - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<i>Single-year expenditure to be appropriated</i>																
Vote 1 - Executive and Council		250	250	250	250	250	250	250	250	250	250	250	250	3 000	4 000	5 000
Vote 2 - Finance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance and Administration Non Core		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services Non Core		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Emergency Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management		14 226	-	-	-	14 226	-	-	-	14 226	-	-	(0)	42 677	78 360	108 298
Vote 13 - Water Management		80 511	-	-	-	80 511	-	-	-	80 511	-	-	0	241 534	222 289	227 319
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - (NAME OF VOTE 15)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	94 987	250	250	250	94 987	250	250	250	94 987	250	250	250	287 211	304 649	340 617
Total Capital Expenditure	2	94 987	250	250	250	94 987	250	250	250	94 987	250	250	250	287 211	304 649	340 617

**Table 20: MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

DC27 Umkhanyakude - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital Expenditure - Functional</b>	<b>1</b>															
<i>Governance and administration</i>		250	250	250	250	250	250	250	250	250	250	250	250	3 000	4 000	5 000
Executive and council		250	250	250	250	250	250	250	250	250	250	250	250	3 000	4 000	5 000
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		94 737	-	-	-	94 737	-	-	-	94 737	-	-	-	(0)	284 211	300 649
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		80 511	-	-	-	80 511	-	-	-	80 511	-	-	-	0	241 534	222 289
Waste water management		14 226	-	-	-	14 226	-	-	-	14 226	-	-	-	(0)	42 677	78 360
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>2</b>	<b>94 987</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>94 987</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>94 987</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>287 211</b>	<b>304 649</b>	<b>340 617</b>
<b>Funded by:</b>																
National Government		80 511	-	-	-	80 511	-	-	-	80 511	-	-	-	42 677	284 211	300 649
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		80 511	-	-	-	80 511	-	-	-	80 511	-	-	-	42 677	284 211	300 649
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		250	250	250	250	250	250	250	250	250	250	250	250	3 000	4 000	5 000
<b>Total Capital Funding</b>		<b>80 761</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>80 761</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>80 761</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>42 927</b>	<b>287 211</b>	<b>340 617</b>

References

**Table 21: MBRR SA30 - Budgeted monthly cash flow**

DC27 Umkhanyakude - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>															
<b>Cash Receipts By Source</b>															
Property rates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	512	512	512	512	512	512	512	512	512	512	512	512	6 141	6 441	6 741
Service charges - water revenue	2 640	2 640	2 640	2 640	2 640	2 640	2 640	2 640	2 640	2 640	2 640	2 640	31 680	34 680	38 680
Service charges - sanitation revenue	53	53	53	53	53	53	53	53	53	53	53	53	640	650	660
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	8	8	8	8	8	8	8	8	8	8	8	18	100	100	105
Interest earned - external investments	1 667	–	–	–	1 667	–	–	–	1 667	–	–	1 000	6 000	5 500	6 000
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	143 948	–	–	–	143 948	–	–	–	143 948	–	–	1 600	433 445	466 115	510 581
Other revenue	132	132	132	132	132	132	132	132	132	132	132	132	1 585	1 795	2 000
<b>Cash Receipts by Source</b>	<b>148 960</b>	<b>3 345</b>	<b>3 345</b>	<b>3 345</b>	<b>148 960</b>	<b>3 345</b>	<b>3 345</b>	<b>3 345</b>	<b>148 960</b>	<b>3 345</b>	<b>3 345</b>	<b>5 955</b>	<b>479 591</b>	<b>515 281</b>	<b>564 767</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	95 737	–	–	–	95 737	–	–	–	95 737	–	–	–	287 211	304 649	340 617
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	125	125	125	125	125	125	125	125	125	125	125	124	1 499	1 499	1 499
Decrease (increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	38 000	38 000	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Cash Receipts by Source</b>	<b>244 822</b>	<b>3 470</b>	<b>3 470</b>	<b>3 470</b>	<b>244 822</b>	<b>3 470</b>	<b>3 470</b>	<b>3 470</b>	<b>244 822</b>	<b>3 470</b>	<b>3 470</b>	<b>44 079</b>	<b>806 301</b>	<b>821 429</b>	<b>906 883</b>
<b>Cash Payments by Type</b>															
Employee related costs	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	14 424	173 093	197 402	215 443
Remuneration of councillors	821	821	821	821	821	821	821	821	821	821	821	821	9 856	10 345	10 345
Finance charges	125	125	125	125	125	125	125	125	125	125	125	125	78	1 452	1 574
Bulk purchases - Electricity	3 390	3 390	3 390	3 390	3 390	3 390	3 390	3 390	3 390	3 390	3 390	4 714	42 000	62 709	75 271
Bulk purchases - Water & Sewer	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	45 691	87 099	67 431	80 277
Other materials	553	553	553	553	553	553	553	553	553	553	553	553	6 632	9 963	9 381
Contracted services	553	553	553	553	553	553	553	553	553	553	553	74 958	81 037	90 789	105 691
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	3 946	3 946	3 946	3 946	3 946	3 946	3 946	3 946	3 946	3 946	3 946	3 946	47 356	65 824	54 933
<b>Cash Payments by Type</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>27 576</b>	<b>145 185</b>	<b>448 525</b>	<b>506 037</b>	<b>553 010</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	95 737	–	–	–	95 737	–	–	–	95 737	–	–	–	287 211	304 649	340 617
Repayment of borrowing	125	125	125	125	125	125	125	125	125	125	125	60 407	61 781	1 574	1 668
<b>Other Cash Flows/Payments</b>	<b>123 438</b>	<b>27 701</b>	<b>27 701</b>	<b>27 701</b>	<b>123 438</b>	<b>27 701</b>	<b>27 701</b>	<b>27 701</b>	<b>123 438</b>	<b>27 701</b>	<b>27 701</b>	<b>205 592</b>	<b>797 517</b>	<b>812 261</b>	<b>895 295</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>121 383</b>	<b>(24 232)</b>	<b>(24 232)</b>	<b>(24 232)</b>	<b>121 383</b>	<b>(24 232)</b>	<b>(24 232)</b>	<b>(24 232)</b>	<b>121 383</b>	<b>(24 232)</b>	<b>(24 232)</b>	<b>(161 513)</b>	<b>8 784</b>	<b>9 169</b>	<b>11 588</b>
Cash/cash equivalents at the month/year begin:	–	121 383	97 152	72 920	48 689	170 072	145 840	121 609	97 377	218 761	194 529	170 298	–	8 784	17 953
Cash/cash equivalents at the month/year end:	121 383	97 152	72 920	48 689	170 072	145 840	121 609	97 377	218 761	194 529	170 298	8 784	8 784	17 953	29 541

**Table 22: Capital expenditure on new assets by assets class**

DC27 Umkhanyakude - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			249 679	230 277	294 189	152 915	152 915	152 915	284 211	300 649	323 569
Roads Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			222 693	185 946	242 709	100 626	100 626	100 626	240 211	202 289	222 027
Dams and Weirs			-	-	-	-	-	-	-	-	-
Boreholes			25 200	24 505	24 997	-	-	-	46 000	82 770	24 100
Reservoirs			8 269	16 000	20 000	-	-	-	-	-	50 000
Pump Stations			21 550	21 748	30 000	-	-	-	45 000	40 000	35 000
Water Treatment Works			50 693	50 850	61 204	-	-	-	35 000	30 691	39 822
Bulk Mains			45 670	20 000	30 000	-	-	-	36 000	46 353	30 605
Distribution			60 000	26 157	36 508	100 626	100 626	100 626	33 211	2 475	15 000
Distribution Points			11 311	26 686	40 000	-	-	-	45 000	-	27 500
PRV Stations			-	-	-	-	-	-	-	-	-
Capital Spares			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			26 986	44 331	51 480	52 290	52 290	52 290	44 000	98 360	101 542
Pump Station			-	-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-	-
Waste Water Treatment Works			26 986	44 331	51 480	52 290	52 290	52 290	44 000	98 360	101 542
Outfall Sewers			-	-	-	-	-	-	-	-	-
Toilet Facilities			-	-	-	-	-	-	-	-	-
Other assets			-	-	-	2 500	2 500	2 500	-	-	-
Operational Buildings			-	-	-	2 500	2 500	2 500	-	-	-
Municipal Offices			-	-	-	2 500	2 500	2 500	-	-	-
Pay/Enquiry Points			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	500	500	500	-	-	-
Computer Equipment			-	-	-	500	500	500	-	-	-
Furniture and Office Equipment			-	-	-	2 000	2 000	2 000	-	-	-
Furniture and Office Equipment			-	-	-	2 000	2 000	2 000	-	-	-
Machinery and Equipment			-	-	-	2 200	2 200	2 200	-	-	-
Machinery and Equipment			-	-	-	2 200	2 200	2 200	-	-	-
Transport Assets			-	-	6 926	4 000	4 000	4 000	-	-	-
Transport Assets			-	-	6 926	4 000	4 000	4 000	-	-	-
Total Capital Expenditure on new assets		1	249 679	230 277	301 115	164 115	164 115	164 115	284 211	300 649	323 569

**Table: 23: SA34c Repairs and maintenance expenditure by asset class**

DC27 Umkhanyakude - Supporting Table SA34c Repairs and maintenance expenditure by asset class

0027 Shimikurakade Supporting Table 3-4-4 Repairs and Maintenance Expenditure by Asset Class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		22 222	74 178	34 520	35 564	15 972	15 972	7 500	6 920	8 170
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		16 222	53 328	28 310	28 810	11 972	11 972	5 500	4 420	5 570
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		1 500	12 000	9 500	9 500	2 500	2 500	500	500	500
Reservoirs		1 500	7 500	3 000	3 000	3 000	3 000	1 500	960	2 000
Pump Stations		1 222	5 000	6 000	6 000	1 500	1 500	500	500	1 000
Water Treatment Works		1 000	8 000	3 110	3 110	1 772	1 772	1 000	1 000	570
Bulk Mains		8 000	12 000	3 500	4 000	2 000	2 000	1 500	960	1 000
Distribution		3 000	8 828	3 200	3 200	1 200	1 200	500	500	500
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		6 000	20 850	6 210	6 754	4 000	4 000	2 000	2 500	2 600
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		3 000	11 000	3 000	3 544	2 500	2 500	1 000	1 500	1 000
Waste Water Treatment Works		3 000	9 850	3 210	3 210	1 500	1 500	1 000	1 000	1 600
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Computer Equipment		-	250	-	-	-	-	-	-	-
Computer Equipment		-	250	-	-	-	-	-	-	-
Furniture and Office Equipment		-	300	-	-	-	-	-	-	-
Furniture and Office Equipment		-	300	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		2 000	500	-	-	500	500	132	-	-
Transport Assets		2 000	500	-	-	500	500	132	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	24 222	75 228	34 520	35 564	16 472	16 472	7 632	6 920	8 170

**Table 24: SA34d Depreciation by asset class**

DC27 Umkhanyakude - Supporting Table SA34d Depreciation by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		24 343	25 026	50 200	27 801	24 667	24 667	27 995	29 192	30 943
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Water Supply Infrastructure</b>		22 822	23 462	47 062	26 064	23 125	23 125	26 245	27 368	29 009
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		9 129	9 385	18 825	10 426	9 250	9 250	10 498	10 947	11 604
Bulk Mains		4 564	4 692	9 412	5 213	4 625	4 625	5 249	5 474	5 802
Distribution		4 564	4 692	9 412	5 213	4 625	4 625	5 249	5 474	5 802
Distribution Points		1 521	1 564	3 137	1 738	1 542	1 542	1 750	1 825	1 934
PRV Stations		1 521	1 564	3 137	1 738	1 542	1 542	1 750	1 825	1 934
Capital Spares		1 521	1 564	3 137	1 738	1 542	1 542	1 750	1 825	1 934
<b>Sanitation Infrastructure</b>		1 521	1 564	3 137	1 738	1 542	1 542	1 750	1 825	1 934
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		1 521	1 564	3 137	1 738	1 542	1 542	1 750	1 825	1 934
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		3 043	3 129	6 275	4 488	3 083	3 083	3 499	3 649	3 868
Furniture and Office Equipment		3 043	3 129	6 275	4 488	3 083	3 083	3 499	3 649	3 868
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		9 129	9 385	18 825	9 412	9 250	9 250	10 498	10 947	11 604
Transport Assets		9 129	9 385	18 825	9 412	9 250	9 250	10 498	10 947	11 604
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	1	36 515	37 539	75 300	41 702	37 000	37 000	41 992	43 788	46 415

## **2.10 Annual budgets and SDBIPs – internal departments**

### **Water Services Department – Vote 13**

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

- There are currently no unfilled positions in the top management structure of the Water Services Department. As part of the performance objectives for the 2019-2020 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.
- Significant capital projects to be undertaken over the medium term includes, amongst others:
  - Expansion of the bulk reservoir supply
  - Replacement and upgrading of deficient reticulation infrastructure; and
  - Purification plant upgrades.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance.



## **2.11 Contracts having future budgetary implications**

In terms of the municipality's Supply Chain Management Policy, The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made. Consultancy services must be procured through competitive bids if the value of the contract exceeds R 200 000 (VAT included); or the duration period of the contract exceeds one year. In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of all consultancy services provided to an organ of state in the last five years; and any similar consultancy services provided to an organ of state in the last five years.

## 2.12 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the repairs and maintenance

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#### **Municipal manager's quality certificate**

I **Mxolisi A Nkosi**, the municipal manager of UMkhanyakude District Municipality, hereby certify that the 2019-2020 Final Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the 2019-2020 Final Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Mxolisi A. Nkosi

**Municipal Manager of uMkhanyakude District Municipality (DC27)**

Signature :

Date

: 04/06/2019

Print Name : Njabulo T. Dlodla

**Chief Financial Officer of UMkhanyakude District Municipality (DC27)**

Signature :

Date

: 04/06/2019